No. 29,046

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Tuesday April 12 1983

D 8523 B

Reporting against the odds in Moscow, Page 17

NEWS SUMMARY

GENERAL

Swiss defence on dioxin waste

The Swiss Government yesterday defended chemical company Hoffman La Roche against allegations that it had concealed information from West Germany about the whereabouts of toxic dioxin waste from Seveso, Italy.

The Bonn Government seems to have accepted this view after initial reservations.

At the same time Swiss Interior Minister Alphons Egli expressed doubts that Mannesmann Italiana had carried out its contract to dispose of the waste in another European country. The whereabouts of the 41 canisters of waste is still not definitely known. Page 3

America peace bid

Intense diplomatic activity is under way in European capitals to find a negotiated solution to the fighting in Central America. Page 7

Gulf war flares

Iran said it recaptured a large area of its territory in a new offensive in the war with Iraq. Iraq said it beat off most of the advance. Page 4

Oil slick nears

Saudi King Fahd ordered the temporary shutdown of Al-Khobar desalination plant as a Gulf oil slick threatening eight states neared the Saudi coast. Page 4

Australian 'crisis'

Australians must tighten their belts to help the country through its worst economic crisis for 50 years, Prime Minister Bob Hawke said at the start of a national economic summit. Page 4

Corsica bombings

Homes owned by foreigners or people from mainland France were damaged when six bombs exploded in Gargese, southern Corsica. Page 3

10 held hostage

Ten West German oil prospectors at a camp in southern Algeria were being held hostage by Algerian workers demanding better conditions.

Falklands shooting

An Argentine prisoner of war hurt in an ammunition explosion in the Falklands war was shot by a British sergeant in a mercy killing, UK Defence Secretary Michael Heseltine said.

Threats to Kreisky

Several anonymous threats against Austrian Chancellor Bruno Kreisky's life have been made in recent weeks, his office said.

Greece 'not satisfied'

Greece said it was not fully satisfied with the EEC Commission's response to its request for a better deal from Community membership. Page 3

London paralysed

Central London was paralysed for three hours before an unexploded Second World War bomb dredged up from the River Thames was defused.

Briefly...

Solidarity trade union activist Edmund Baluka went on trial in Poland.

International conference on Marxism opened in East Berlin.

Seven died in factional fighting in a black squatters' camp outside Cape Town.

Greenland votes in parliamentary elections today.

BUSINESS

BNOC's $30 oil price 'accepted'

● BRITISH National Oil Corporation said "an overwhelming majority of suppliers and customers" had accepted proposals for a $30 a barrel reference price for North Sea crude oil from March 1. Page 18

● DOLLAR weakened to DM 2.4195 (DM 2.425), FFr 7.255 (FFr 7.2775), SwFr 2.045 (SwFr 2.059) and Y237.7 (Y239.3). Its trade-weighted index was 122.2 (122.6). In New York, the dollar closed at DM 2.4265; FFr 7.2710; SwFr 2.0520 and Y2.3785. Page 36

● STERLING rose to $1.527, up 2.20 cents from Friday. DM 3.6975 (DM 3.6525), FFr 11.075 (FFr 10.95), SwFr 3.125 (SwFr 3.1) and Y363.25 (Y360.5). *Its trade-weighted index* was 81.6 (80.6). In New York, sterling closed at $1.5290. Page 36

● GOLD rose $8.5 to $430 an ounce in London. In Frankfurt it closed $5.25 higher at $426.75 and in Zurich it added $6 to $427.5. In New York, the Comex April settlement was $431.50 ($421.70). Page 33

● LONDON: all equity market leading measurements reached new highs on enthusiasm about the economic outlook. The FT Industrial Ordinary index added 8.9 to 683.9. Gilts also strengthened, selected longs gaining more than two points. Page 29. Highs and lows in the FT share information service and associated statistics change today from 1982-83 to current year figures. Pages 34, 35

● WALL STREET: Dow Jones index closed up 17.12 at 1141.83. Page 29. Full share listings, Pages 30-32

● TOKYO: Nikkei Dow index rose 2.38 to 8,475.19. The Stock Exchange index edged up 0.49 to 611.93. Page 29. Leading prices, other markets, Page 32.

● SOVIET UNION plans to double grain production in 1985-90 compared with the 1961-65 level, a Soviet official told a world conference in Rotterdam. Page 33

● ERICSSON, Swedish telecommunications group, applied to make its first issue on the U.S. market with 2.5m shares expected to raise about $125m. Page 28

● GAF CORPORATION, in the middle of a bitter proxy fight for control of its management, proposes to *sell 80 per cent of its building materials* business for about $140m. Page 19

● DUTCH oil reserves have been raised officially by 150 per cent to 41.5m tonnes after assessment of finds in the North Sea last year. Page 3

● BROKEN HILL Proprietary indicated that it would virtually abandon its A$2.8bn ($2.4bn) steel investment plan unless the Australian Government offers greater protection against imports. Page 18

● SHARES were suspended in Trafalgar Housing, Hong Kong property, mining and fish farming group, after it said there would be no profit for the year just ended. Page 20

● JAPAN is relaxing regulations so that banks can set up computer links with corporate customers and customers at home. Page 19

● IBH HOLDING, West German construction equipment group, aims to break even this year after making a loss of between DM 50m ($20.7m) and DM 60m last year. Page 19

● GLAXO HOLDINGS, UK pharmaceuticals group, raised first-half taxable profits by £29.55m to £86.3m ($130.4m). Page 22; Lex, Page 18

● INTERPACE management group rejected a major shareholder's offer to buy tha New Jersey-based building products maker for $33 a share.

● MOULINEX, French electrical appliances group, lifted profits by 84 per cent last year to FFr 53.2m *($7.3m) on sales a sixth higher at* FFr 2.7bn.

Reagan bid to salvage peace plan

BY OUR FOREIGN STAFF

PRESIDENT RONALD REAGAN insisted yesterday that his Middle East peace initiative is not dead and claimed that King Hussein of Jordan is still "determined to push forward" with the U.S. plan, despite the King's public rejection of the plan on Sunday.

President Reagan's continuing confidence in his proposals was reinforced by telephone conversations with King Hussein and King Fahd of Saudi Arabia, the State Department said yesterday.

Meanwhile, Mr Francis Pym, the British Foreign Secretary, is due to fly in to Jordan today to meet King Hussein, adding his own efforts to the attempts to salvage what remains of President Reagan's peace plan. Mr Pym, who is at the end of a Middle East tour, was in touch with Mr George Shultz, the U.S. Secretary of State, yesterday.

The State Department official spokesman, said that the President came away from his conversations yesterday "with the impression that King Hussein and King Fahd are determined to pursue the process," which envisaged a joint PLO-Jordanian approach to negotiations with Israel.

But Administration officials appeared at a loss to suggest exactly how the peace process might go ahead.

The main governments concerned with the initiative, while bitterly disappointed that Jordan could not accept President Reagan's proposals, were yesterday stressing that King Hussein had carefully avoided rejecting them in the way that Israel did seven months ago.

Mr Shultz maintained yesterday that King Hussein had come "very close" to an agreement with the PLO on participation in the U.S. plan. According to Mr Shultz, the last minute changes demanded by the PLO's "radical elements" for direct PLO representation in the talks and the creation of a Palestinian state on the West Bank of the Jordan, were "unacceptable" to both Israel and the U.S.

Mr Shultz, speaking in a television interview, said that he wanted to go to the Middle East to advance the peace process, but only "at the appropriate time" and the State Department said that there were no dates set either for a Shultz visit to the Middle East, or for visits by Middle East leaders to Washington.

In Jerusalem senior officials believe the failure of the Hussein-Arafat negotiations spells the end of the Reagan peace plan.

Israel rejected the plan outright and Mr Begin described it at the outset as "stillborn."

The officials said yesterday the U.S. approach had been based on an impossibility – compromise between Jordan and the PLO. This was something which obviously could not work. "The U.S. fell into a trap of its own making," they said.

Mr Menahem Begin, the Israeli Prime Minister, said he was not surprised by King Hussein's refusal to enter Middle East peace negotiations. Israel never expected anything to come from the talks between the Jordanian monarch and Mr Arafat, he said, adding that there was nothing to be discussed with the PLO.

Some Western officials hope that the latest demands by the PLO may be a tactical move designed to step up pressure on Washington and lead to a tougher U.S. stand against Israel.

"There is still a lot going on," Mr Douglas Hurd, the Minister of State at the British Foreign Office, said in an interview with the BBC yesterday. But he described Sunday's developments as a "setback" and warned: "if the peace process collapses then we will be back again on a slide to further conflicts."

In London there is a widespread tendency to blame Tel Aviv and Washington for the problems the Arabs have had in joining in the Reagan plan. "The U.S. is at fault," one official said bluntly yesterday. "We have told them often enough that they are not doing enough."

President Reagan's special envoy, Mr Philip Habib, returned to Jerusalem yesterday hoping to retrieve something from the ruins.

The Israelis, for their part, stressed that the collapse of the talks in Amman underlined the fact that the PLO has not become more moderate, as the U.S. seemed to believe. The assassination over the weekend of a PLO moderate, Dr Issam Sartawi, proves that it is the hardliners who call the shots in the PLO, Israeli officials said.

They expressed the hope that relations between Washington and Jerusalem will now improve, with a lessening of pressure on Israel to make concessions to the Arabs.

Reagan's peace plan failure, Page 4; *Editorial comment*, Page 16

Mauroy accedes to some Communist demands

By Paul Betts in Paris

A MAJOR political showdown between the ruling French Socialist Party and the Communist Party, its junior partner in government, was averted last night when the Communists fell into line and voted with the Government in a key economic debate in the National Assembly.

The Government had asked the French parliament to empower it to rush through on to the statue book the main components of its new austerity programme by decree law rather than the traditional, but far lengthier, parliamentary process.

The Socialists' Communist allies however, had threatened not to vote for the Government unless M Pierre Mauroy, the Prime Minister, agreed to amendments designed to reduce the burden of the new measures on lower income families.

A compromise was reached when the Prime Minister made concessions to the Communists yesterday, although he did not agree to all five amendments proposed by the smaller of the two left-wing French parties.

But the Communists appeared to have been satisfied by the compromise and agreed to vote for the Government, which includes four Communist ministers.

M Mauroy's compromise was set out in a letter released yesterday afternoon to the Communist and Socialist parliamentary groups in the National Assembly.

In essence, M Mauroy agreed to the Communist demands to exempt low income families from paying the new 1 per cent annual levy to help finance the country's social security system. He also agreed that some low income earners be exempted from subscribing to the Government's new obligatory three year loan for all taxpayers.

After the letter was released, the Communists went into a meeting with their secretary, M Georges Marchais, to emerge later with the agreement to vote for the Government.

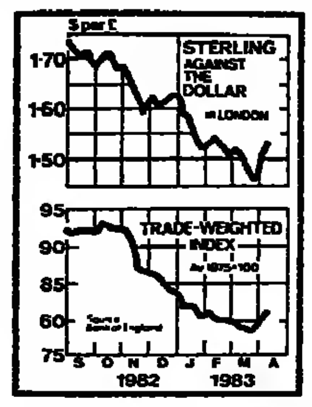
The Government thus gave another demonstration of flexibility yesterday by agreeing to compromise on some parts of its austerity package without, in fact, greatly modifying the overall essence and spirit of the tough new economic programme.

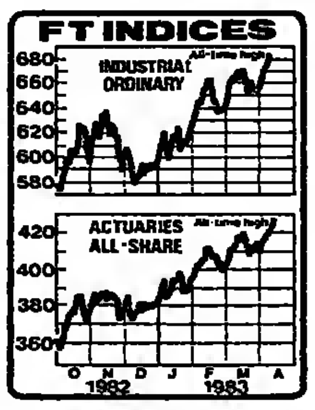
$100m Eurobond *for state agency*. Page 28

Sterling and shares advance strongly in London

UK resists early cut in interest rates

BY MAX WILKINSON IN LONDON





STERLING rose by 2 cents against the dollar in London yesterday as share prices set new records and government securities advanced strongly.

British financial markets seemed all set for a cut in base lending rates, but the Bank of England continued to resist the downward pressure by keeping a tight rein on the money market.

The central bank refused to accept bills offered to it at lower rates, and by holding its dealing rates unchanged, it kept the money market short of funds.

As a result the seven-day interbank rate rose [illegible] of a percentage of a point to 10[illegible] per cent. However, the market expectations of a further fall in interest rates was so strong that all the longer term rates fell by about [illegible] of a percentage point and stock market prices continued to move up.

The FT industrial ordinary share index rose 8.9 points to 683.9 and longer-dated government securities gained up to 2 points compared with closing prices on Friday.

The optimistic mood was underpinned by a further recovery of sterling, which closed in London at $1.5270, a gain of 2.2 cents since Friday's London close. The pound's Bank of England index against a trade-weighted basket of currencies gained 1 point to close in London at 81.6 (1975 = 100) its highest level for two mooths. Dealers reported a fairly firm two-day market which might suggest that the pouod will settle at a new level for a while.

The pound was helped by a slight weakening of the dollar, which reflected the markets' expectation of an easing of U.S. interest rates, and the three-month Eurodollar rate fell [illegible] of a point to 9[illegible] per cent.

In spite of these easier trends, however, the Bank of England showed clear signals that it was not yet ready for the ½ percentage point cut in clearing banks' base lending rates, which is now generally expected.

It appeared anxious to avoid any reversal of the firmer trend of sterling which has been established since Easter, and it may also be taking a cautious view of the likely rate of increase of the money supply after the provisional figures for March issued last week.

These showed that the three main definitions of the money sup-

Continued on Page 18

Money markets, Page 36

BTR tops £500m with Tilling offer

BY RAY MAUGHAN IN LONDON

BTR, the diversified British manufacturing group, yesterday followed its half-successful share raid on Thomas Tilling, the large UK industrial conglomerate, with a full bid for Tilling which is valued at £576.4m ($876m) on a share exchange or £538.2m in cash.

In monetary terms, the proposed takeover is the largest ever mounted on the London Stock Exchange although the current value of the successful £378m bid which Grand Metropolitan launched for Watney Mann in November 1972 would be about £1.4bn.

Tilling shareholders are to be offered 185p in cash for each ordinary share or 10 BTR shares for every 21 Tilling shares. Taking BTR at 416p (ex-dividend) last night, down 9p, the projected equity deal values Tilling at 198p per share against the dawn raid price of 175p and a market price of 189p, plus 13p, at the close of trading last night.

The first £378.8m of the cash alternative was arranged yesterday by Morgan Grenfell and Cazenove & Co, respectively merchant banking advisors and stockbrokers to BTR, and it is understood that over 500 London institutions accepted the underwriting at 388½p per BTR share, or a discount of 8½ per cent after adjusting for the 5.25p per share final BTR dividend.

After a weekend of hectic activity, BTR launched its full bid proposals yesterday morning when it had become obvious that the dawn raid mounted immediately after Easter had fallen short of its target.

BTR had acquired 6.9 per cent of Tilling's shares against its 14.99 per cent target.

Group turnover for BTR in 1982 amounted to £725m compared with Tilling's £2.2bn, but UK pre-tax profits for BTR last year were £56.4m against Tilling's £65.8m.

Continued on Page 18

Lex, Page 18; *News analysis*, Page 24

Sotheby's to fight U.S. bid

By Charles Batchelor in London

SOTHEBY'S, the London-based international fine arts auctioneers, is to fight the £61m ($93.1m) cash bid announced yesterday by General Felt Industries/Knoll International, a privately owned U.S. manufacturer of carpet underlay and furniture.

The offer, which was immediately rejected by Sotheby's comes less than four months after GFI/Knoll took a 14 per cent stake in the British company.

The bid announcement marked an abrupt change in tactics by the U.S. group, which originally claimed to be seeking only a minority shareholding and the opportunity to provide financial and management expertise to the hard-pressed auction house.

The strength of Sotheby's opposition indicated, however, that the

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Lex, Page 18; News analysis, Page 8

U.S. commission proposes new plan for MX missile bases

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT RONALD REAGAN's special Commission on Strategic Forces yesterday unanimously proposed a simplified new basing system for the controversial MX intercontinental ballistic missile (ICBM) which it said should lead to the saving of billions of dollars from the U.S. defence budget over the next five years.

General Brent Scowcroft, the commission's chairman, said that the proposal represented part of "a major new departure" in which the future development of all U.S. strategic forces would be "integrated" with arms control so as to achieve stability between the superpowers.

Although major elements of the commission's recommendations have been rejected both by Congress and by President Reagan in the three year-long search for an invulnerable MX basing system, Mr Reagan is expected to approve them in a major speech next week in the hope of finally resolving one of the major controversies that has plagued his strategic arms build up.

The commission is also confident that Congress will now prove more receptive, finally allowing the MX programme to go ahead.

The report's main specific recommendations on ICBM's are

● A hundred 10-warhead, MX missiles should be deployed promptly in existing Minuteman silos to replace 100 older Minuteman and Titans now being decommissioned.

● Immediate development of a small single warhead mobile missile for deployment in the early 1990s, together with studies of hardened silo shelters and mobile launches as basing modes for it.

● A specific programme, to resolve the technical "uncertainties" about hardened silos and shelters as possible basing methods both for the MX in future and for the smaller missiles.

In other strategic areas, the commission called for, as a first priority, "vigorous programmes, to improve the ability of the President to command, control and communicate with the strategic forces "under conditions of severe stress or actual attack."

It gave high priority to the Trident submarine construction programme and the development of the more accurate Trident II (D-5) missile, the system that Britain is buying to replace Polaris. Work should also begin now on small submarines, to avoid "technological surprise" in anti-submarine warfare, it said.

The bi-partisan commission recommended no changes in current strategic bomber and air-launched cruise missile programmes, although many Democrats would like to scrap the B-1 bomber cancelled by former President Jimmy Carter and resuscitated by Mr Reagan.

Finally, the commission called for the pursuit of research and development on anti-ballistic missile technology (ABM) – without mentioning Mr Reagan's call for a futuristic space-based ABM system and also recommended the development of "decoys and other penetration aids" for U.S. ballistic missiles.

The commission said that its recommendations for the MX and the new small missile, which has been

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EUROPEAN NEWS

David Marsh on a unique group in international debt rescheduling

The Paris way with basket cases

"DEBT RESCHEDULING is like divorce—it's become respectable," says a Paris diplomat who is spending an increasing amount of time in international talks on the debt problems of developing countries.

He is a member of a closely-knit group of officials from Western creditor nations which over the years has become known as the "Paris Club." They now meet as often as once a month in the French capital, with little fuss and minimal publicity, to stretch out loan repayments on inter-Government debt for countries ranging from Poland to Zaire.

The group, linking Treasury and Foreign Ministry officials from about 15 or 16 industrial nations, has been meeting on and off in Paris for 27 years. In that time it has rescheduled debt totalling more than $18bn.

Since the second oil shock of 1979-80, the club's pace of work has speeded up. Over the last six months debt packages have been worked out in rapid succession for Senegal, Uganda, Malawi, Romania, Costa Rica, Sudan and Cuba.

This week the club will focus on the problems of Togo and Romania is next on the list for May. Although each case is treated according to individual country criteria, officials close to the talks say a routine has developed. "It really is a club," one says. Officials are on first name terms and there is "enormous confidence" among the participants.

Reschedulings have become such common practice that the club has worked out a common format for the wording of debt agreements. The accord is typed out in advance on a word processor—all the participants need to do is to fill in the gaps left for the figures and precise terms.

The club's operations are run by the French Treasury, where meetings are normally held. It maintains a six-man secretariat which (in addition to other jobs at the Treasury) keep up to date with the affairs of client countries.

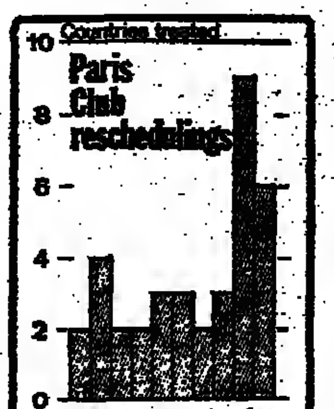
An important part of the work involves close liaison with the International Monetary Fund (IMF). Debt restructuring involves stretching out loan payments falling due during current calendar years over ten years or so. Accords are drawn up only on condition that the debtor country agrees an economic stabilisation package with the IMF.

An exception however was the agreement last month on rescheduling Cuba's debts owed to western governments. Since Havana is not a member of the Fund, the creditor nations, in a special meeting held outside the normal club framework, had to draw up targets for the country's balance of payments itself.

Unless Cuba meets the objectives, no further debt rescheduling will be agreed. Officials admit the deal may be very difficult to police without the Fund's authority to back it up. Creditor nations tried a similar approach by setting targets for Poland—also not a member of the IMF—during rescheduling in 1981, but it was not a success.

The Paris Club reschedulings cover both principal and interest due on government debt agreed under officially-guaranteed export credits or development aid programmes. Debt owed to commercial banks is dealt with under separate negotiations between the debtor government and the banking community.

But the bankers keep a close eye on the Paris Club's affairs. Rescheduling conditions agreed among governments set the pattern for deals with other creditors. In practice, the banks grant slightly stiffer terms because they reschedule only principal, not interest. But the agreements are interlinked. Cuba, for instance, is now negotiating with a consortium of banks led by Credit Lyonnais a rescheduling of its banking debt in line with the just-agreed government package.



Accords normally take 1½ to two days to work out. Although a French official chairs the meeting, consensus is reached without the need for a vote in the last traditions of Anglo-Saxon informality. The club has no formal rules or statutes.

Conversations are held in both English and French with interpreting facilities laid on. The main language is English, with only the host officials, the Spanish and the Italians (who, according to one waggish delegate, are often incomprehensible in any language) regularly speaking French.

The French officials take clear pleasure in running the meetings and are given full marks for efficiency by participant countries. M. Michel Camdessus, the head of the Treasury, occasionally takes the chair, but the talks most recently have been presided over by M. Jean-Claude Trichet, a top Treasury official who, other delegates say, is not afraid to enliven the proceedings with the occasional joke.

With the number of countries granting official export credits growing, the Paris Club occasionally has some new recruits. Mexico (which of course has debt problems of its own) turned up as a creditor nation in the recent meeting to reschedule Costa Rica's debts; Abu Dhabi attended talks on Zaire; and Israel has also sent delegates.

Not all Paris Club meetings go smoothly. A few years ago Nicaragua asked for a debt rescheduling, but turned up in Paris without having secured an IMF stability programme to re-shape its battered economy. The meeting was a fiasco.

Sudan has caused the biggest recent headaches. In February it agreed to re-schedule $500m of payments due to governments this year, together with arrears. Because of the country's economic plight, repayment is being spread over an unusually generous 16 years, with a six year grace period.

The country's debts originally due this year would have more than eaten up the whole of its anticipated export earnings. With a total foreign debt of over $7bn—much more than the $4bn which was earlier estimated when the country approached the Paris Club last year—diplomats believe western governments will have no choice eventually but to write off export credits to Khartoum.

Cuba to meet creditors, Page 7

Survey shows 8% of Poles below breadline

BY CHRISTOPHER BOBINSKI IN WARSAW

THE INCOMES of some 2.7m Poles, or 8 per cent of the population, are considered inadequate to buy basic food and clothing, according to a survey of standards of living conducted by the Central Statistical Office. Only 2 per cent thought their incomes covered all their needs.

The survey involved a nationwide sample of 56,000 families late last year, and was the first attempt on such a scale to measure subjective views about standards of living in Poland. The full results are expected to be published in the next few months.

The few details printed yesterday in the Rzeczpospolita newspaper showed that 39 per cent of farmers considered their incomes sufficient for their needs. This will provide ammunition for those in the Government arguing that farm incomes must be restrained.

Predictably, most pensioners feel themselves badly off, with 18 per cent reporting their failure to make ends meet. Some 31 per cent of the population as a whole is coping only by buying the cheapest food and clothing. Further up the scale, 20 per cent said they were comfortable but had to be careful about their spending.

The survey reveals, however, that 40 per cent of the population is managing to save money.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

EUROPEAN NEWS

Mystery surrounds fate of Seveso waste

BY JOHN WICKS IN ZURICH AND JAMES BUCHAN IN BONN

THE SWISS Government yesterday defended the chemical company Hoffman la Roche against allegations that it had concealed information from the West German Government on the whereabouts of two tonnes of highly toxic dioxin waste from Seveso in Italy. Bonn seems to have accepted this defence after initial reservations.

At the same time, Dr Alphons Egli, the Swiss Interior Minister, expressed doubts that Mannesmann Italiana, the Italian subsidiary of Mannesmann of Dusseldorf, had carried out its contract to dispose of the waste in another European country. The whereabouts of the 41 cannisters of waste is still not known definitely.

Last summer, Mannesmann Italiana was awarded the contract to remove the two tonnes of earth tainted with dioxin as a result of an explosion at a chemical factory in Seveso in 1976 which contaminated 1,800 hectares of countryside and caused serious skin deseases among local children. The factory was operated by Icmesa, a subsidiary of Hoffman la Roche.

Mannesmann Italiana was alleged to have handed over the job to sub-contractors, and not to have supervised the removal of the soil as it was contracted to do. In Zurich yesterday, however, it was announced that Mannesmann Italiana told Icmesas that the waste had been removed from Italy.

The sub-contractors appear to have removed the 41 canisters from Seveso last September 10 and transferred them to France under "vague" Customs declarations.

They were thought to be stored at a temporary storage depot at St Quentin in north-eastern France. This could not be confirmed by the West German Interior Ministry yesterday, however.

The Interior Ministry in Bonn yesterday could only go so far as to say that the Customs documents that recorded the transport of the canisters over the Italian border and into France referred to "derivatives of aromatic hydrocarbons." They didn't mention either Seveso or dioxin.

In these circumstances, the Ministry admitted, a West German Customs post could have admitted the shipment. Speculation continues to concentrate on East Germany as n storage site because of the hard currency value of the contract. The East German news agency ADN, however, has denied there is any dioxin at East German dumps.

Irish plan widespread tax protest

By Brendan Keenan in Dublin

MANY FACTORIES, shops and schools in Ireland are expected to close tomorrow afternoon when workers take to the streets in protest at increases in tax and social security payments. Public transport could also be affected.

The main concern is the situation at Waterford Glass, one of the country's leading industrial companies, where workers have said they will refuse to pay income tax or pay related social insurance.

The Government is certain to respond in next week's Finance Bill to the pressure for tax reform with tough anti-evasion measures over and nbove those announced in the hndget in February.

Almost 90 per cent of income tax is now paid under the pay-as-you-earn system, and ministers are discussing ways of increasing the revenue from the professions, the self-employed and farmers. Penalties for tax evasion are likely to be increased sharply

The pressure from workers and unions may actually make it easier for the Government to extract more from these groups and also to increase capital taxation, which this year is expected to yield about I£25m (£22m), compared with I£1.7bn (£1.49bn) from income tax.

Ministers are anxious to get across the message that, whatever they do, further substantial tax rises and public spending cuts are likely next year.

Finnish PM quits

Mr Kalevi Sorsa, the Finnish Prime Minister, handed in his resignation yesterday, paving the way for the formation of n new government after the general elections last month, AP reports from Helsinki.

Dutch estimate of oil reserves boosted by 150%

BY WALTER ELLIS IN AMSTERDAM

DUTCH OIL reserves have been increased officially by 150 per cent, to 41.5m tonnes, following assessment of "spectacular" finds made last year in the Breeveerteen sector of the North Sea, 40 miles north west of The Hague.

The new figure is made up of 18.5m tonnes of proven reserves and 23m tonnes unproven, and compares with a previous estimate of 8.5m tonnes in both categories.

If the total is confirmed by explorstion this summer, claims made last month hy Holland Sea Search, an Amsterdam-based offshore concern, that at least 20 per cent of the Netherlands' oil needs can be met by domestic supplies will have been vindicated.

The revised estimate was announced in Parliament hy Mr Herman Ruding, the Finance Minister. MPs were told that Dutch annual oil consumption was now around 22m tonnes and that known offshore reserves should meet some 15 per cent of the country's needs from 1985-86. Onshore reserves — mostly in the far north of the Netherlands — would add a further 5 per cent, he said.

Mr Ruding was including finds recorded last year by Mobil and Amoco in the P8, P9 and P10 blocks of the Dutch sector, for which production permits are now being processed. He did not mention the potential contribution of unproven reserves, which could double the total and make the Netherlands 30-35 per cent self-sufficient in oil within the next five years.

Coalition at odds on cuts

BY OUR AMSTERDAM CORRESPONDENT

A DISPUTE has arisen within the Dutch coalition over nearly Fl 2bn (£500m) of economic cuts put forward by the Cabinet last weekend. Yesterday, Mr Bert de Vries, floor leader of the Christian Democrat majority within the coalition, said he could not accept a 2 per cent reduction in social welfare benefits written into the scheme unless public sector employees accepted a similar cut in wages.

Mr Ed Nijpels, leader of the Liberal Party, the minority partner in the coalition, retorted that the two issues could not be linked in this way and said that Mr de Vries had made the suggestion knowing that the civil servants would object.

Mr de Vries has been calling for extra cuts this year of only Fl 1.5bn (£375m) while the Liberals and some right wing Christian Democrats are pressing for Fl 2bn. The spring budget is shortly to be presented to Parliament.

The cuts will be on top of the Fl 13bn in savings already contained in the Government's policy document for 1983. Expenditure has been rising recently in spite of efforts to contain it. Even the surplus on the balance of payments, which had been forecast to reach Fl 14bn this year, is now expected to be no more than Fl 10bn.

French minister in Spain for arms talks

BY TOM BURNS IN MADRID

THE FRENCH Defence Minister, M Charles Hernu arrived in Madrid yesterday, for two days of talks aimed at increasing the already considerable Franco-Spanish armaments links.

In addition to working sessions with Sr Narcis Serra, his Spanish counterpart, he is also scheduled to hold talks with Prime Minister Felipe Gonzalez and Sr Fernando Moran, the *Finance Minister, on Spain's independent line within Nato.*

Under the terms of a 1970 military co-operation agreement Spain builds under licence French AMX tanks and Agosta class submarines, two of which are already in service in the Spanish navy and with a further two under construction.

The discussions are expected to examine posible co-operation in a new generation of tanks and development of the submarine programme. They are also likely to review the procurement of missiles, deliveries of Mirage III fighter aircraft and Spanish interest in an increased transfer of French technology.

The political talks scheduled for M Hernu underline Madrid's interest in explaning its decision to freeze negotiations on joining Nato's military command structure while it reviews the terms of its membership.

France's own independent status within Nato has long ben the object of study hy Madrid's Socialist Goverement some of whose mebers envisage a similar eventual position for Spain within Nato.

EEC aims for closer Gulf links

By John Wyles in Brussels

THE EUROPEAN Community is taking its first tentative steps towards closer political co-operation with the Gulf states by providing technical services to aid the development of the six-nation Gulf Co-operation Council.

Recent talks in Riyadh between Mr Abdulla Bishara, the Council's secretary-general, and Mr Joseph Loeff, the European Commission's deputy director-general for external relations, have produced the first co-operation programme between the two regional bodies.

The programme is the first move in a step-by-step npproach which may eventually realise the EEC's hopes for closer and more systematic political contacts with the Gulf.

The Community offered co-operation agreements to the individual Gulf states in early 1980 in the wake of the Soviet invasion of Afghanistan which was seen as n potential threat to the stability of the vital oil-producing region.

These approaches apparently aroused little interest at the time in the Gulf where Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Oman and Bahrain were more preoccupied with setting np their own regional grouping aiming at close economic and defence co-operation.

The Gulf Co-operation Council was eventually launched in June 1981 and part of the specialist help to be organised by the Commission will be the supply of expert advice on the creation of a customs union.

In addition, the EEC will advise the Gulf states on setting up a common statistics and data bank system. The Co-operation Council's documentation centre will also be supplied with a complete set of Community publications.

It has also agreed further that the two sides should consult on the marketing and supply of energy—a discussion which the Community has long been seeeking with Arab oil-producers.

The first energy meeting at expert level will take place in the autumn.

More generally, EEC member states will be hoping that this relatively modest start to Community-Council relations will strengthen Europe's relations with six moderate Arab governments whose future is closely tied with the development of the Arab-Israeli confrontation.

Solidarity trial

Mr Edmund Baluka, a prominent member of the banned Solidarity union who had close ties with emigre groups in France, went on trial in Bydgoszcz yesterday charged with trying to subvert Poland's Communist system, Reuter reports from Warsaw.

Brussels reply fails to satisfy Greece

BY VICTOR WALKER IN ATHENS

THE GREEK Government said yesterday it was not completely satisfied with the EEC Commission's response to its request for a better deal from its Community membership, and looked forward to further negotiations.

A statement issued after a one-day visit by Mr Richard Burke, an EEC Commissioner, said the response was imprecise even though it showed considerable understanding of Greece's special problems

The Commission replied 10 days ago to a year-old memorandum by the Greek Government asking for special arrangements to take account of the peculiarities of Greece's economy. It indicated that these would be undertaken mainly through the integrated Mediterranean programme and financing of projects to be included in the Greek five-year development plan now being drawn up.

Several suggestions have been made to member states about ways in which the Greek economy could be bolstered, either by extending existing Community policies or introducing new ones. The Commission left open one of the thorniest questions, however: Greece's demand to be allowed to help its small industries by retaining some of the protectionist mechanisms in its tax system.

The Government statement yesterday said that the deep *structural changes required in* Greece could not easily be met within the Community framework. The EEC's active support was necessary to help Grece cope with problems connected with the balance of payments, the restoration and modernisation of industry and the strengthening of agriculture.

"This means, on the one hand, increased financial support; and on the other, a gradual application of certain rules of competition in a way conforming with the harmonisation of the Greek economy to that of the EEC," it said.

Bombings in Corsica

BY PAUL BETTS IN PARIS

THE OUTLAWED separatist Corsican National Liberation Front claimed responsibility yesterday for the bombings that rocked Ajaccio, the island's largest city, at the weekend. They were the largest single act of retaliation by the separatist movement since the French government launched a large-scale campaign against political and criminal violence on the island at the beginning of this year.

Commissaire Robert Broussard, one of France's best known policemen, was sent to organise the campaign on an island with a long history of nationalism and extremism.

The separatists yesterday accused the authorities of infiltrating policemen into their movement to undermine what they called "the Corsican national struggle."

They also condemned police attempts to portray the gronp as a criminal rather than political one.

Commissaire Broussard has scored heavily so far by uncovering links between some members of the separatist movement and ordinary crime.

BASE LENDING RATES

A.B.N. Bank	10½%	■ Guinness Mahon	10½%
Al Baraka International	10½%	■ Hambros Bank	10½%
Allied Irish Bank	10½%	Heritable & Gen. Trust	10½%
Amro Bank	10½%	■ Hill Samuel	§10½%
Henry Ansbacher	10½%	C. Hoare & Co.	†10½%
Arbuthnot Latham	10½%	Hongkong & Shanghai	10½%
Armco Trust Ltd.	10½%	Kingsnorth Trust Ltd.	12 %
Associates Cap. Corp.	11 %	Knowsley & Co. Ltd.	11 %
Banco de Bilbao	10½%	Lloyds Bank	10½%
Bank Hapoalim BM	10½%	Mallinhall Limited	10½%
BCCI	10½%	Edward Manson & Co.	11½%
Bank of Ireland	10½%	Midland Bank	10½%
Bank Leumi (UK) plc	10½%	■ Morgan Grenfell	10½%
Bank of Cyprus	10½%	National Westminster	10½%
Bank Street Sec. Ltd.	10½%	Norwich Gen. Tst	10½%
Banque Belge Ltd.	10½%	P. S. Refson & Co.	10½%
Banque du Rhone	11½%	Roxburghe Guarantee	11 %
Barclays Bank	10½%	Royal Trust Co. Canada	10½%
Beneficial Trust Ltd.	11½%	Slavenburg's Bank	10½%
Bremar Holdings Ltd.	11½%	Standard Chartered	‖10½%
Brit. Bank of Mid. East	10½%	Trade Dev. Bank	10½%
■ Brown Shipley	10½%	Trustee Savings Bank	10½%
Canada Perm't Trust	11 %	TCB	10½%
Castle Court Trust Ltd.	11 %	United Bank of Kuwait	10½%
Cayzer Ltd.	10½%	Volkskas Intl. Ltd.	10½%
Cedar Holdings	11 %	Westpac Banking Corp.	10½%
■ Charterhouse Japhet	10½%	Whiteaway Laidlaw	11 %
Choulartons	11½%	Williams & Glyn's	10½%
Citibank Savings	¶10 %	Wintrust Secs. Ltd.	10½%
Clydesdale Bank	10½%	Yorkshire Bank	10½%
C. E. Coates	11 %		
Comm. Bk. of N. East	10½%		
Consolidated Credits	10½%		
Co-operative Bank	*10½%		
The Cyprus Popular Bk	10½%		
Duncan Lawrie	10½%		
E. T. Trust	11 %		
Exeter Trust Ltd.	11½%		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	13 %		
Robert Fraser	11½%		
Grindlays Bank	‡10½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.5%; 1-month 7.75%. Short-term £8,000/12-months 10.1%.
† 7-day deposits on sums of: under £10,000 7½%, £10,000 up to £50,000 8¼%, £50,000 and over 9%.
‡ Call deposits £1,000 and over 7½%.
‖ 21-day deposits over £1,000 8½%.
§ Demand deposits 7½%.
¶ Mortgage base rate.

Australian unions may agree to pay restraint

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE NATIONAL economic summit meeting convened by Australia's new Labour Government opened in Canberra yesterday with the Australian Council of Trade Unions (ACTU) indicating its readiness to reach agreement on continued wage restraint.

In return, it expects the Government to move fast on job creation and economic expansion.

The summit meeting – part of Prime Minister Bob Hawke's strategy to forge much closer ties between unions, business and government – represents an unprecedented exercise in "opeo government" io Australia.

Yesterday, the Government announced details of its proposed prices surveillance authority and of its economic planning advisory council. The purpose of the latter is to help set broad economic targets.

Mr Hawke told the meeting that its task was to secure broad agreement on the role of the Government's proposed prices and incomes policy, and to discuss key problem areas such as wages, industrial relations and job creation.

The meeting, wbich lasts all week, will also examine the reasons for Australia's present economic decline.

In an important move, the ACTU said that it accepted the need for tax increases, provided the extra revenue was plouged into job creatioo

The Federal Treasurer, Mr Paul Keating, stressed that the Government's twin objectives were wage restraint and lower inflation.

● The uranium mining town of Mary Kathleen in the Australian outback went on sale yesterday to the highest bidders, Reuter reports.

The one-week auction of buildings and equipment will erase the town from the map and its 1,000 inhabitants will be replaced by sheep.

Mary Kathleen, 900 miles north-west of Brisbane, was built in the late 1950s to provide Britain with uranium oxide. It was closed in the 1960s but reopeoed in 1976 to supply the U.S., Japan and West Germany until the ore ran out.

SA unions seeks wider grouping

By Bernard Simon in Johannesburg

SEVEN OF South Africa's largest emergent black trade union groups, with a combined membership of around 200,000, are to examine the feasibility of forming a joint federation.

At a meeting in Cape Town, the unions agreed to set up a committee to investigate the matter.

Participants include the Federatioo of South African Trade Uoions (Fosatu), the largest grouping of black trade unions, whose 12 affiliates are strongest in the motor, engineering and textile industries.

Among the other unions which have agreed to the study are the General Workers Union, widely recognised as one of the best organised of the emergeot unions, and the radical South African Allied Workers Union (SAAWU).

The move towards co-operation bas been given added impetus by the weaker negotiations position of the unions since the onset of the recession in the South African economy 18 months ago. Unions have been unable to prevent large-scale retrenchments, and bave beeo powerless to counter the increasingly tougb stance of employers against strikers.

Previous unity moves have been frustrated by wide policy differences among the unions. The Council of Unions of South Africa (Cusa), which bas, so far, declined to take part in the moves towards co-operation, has argued that creation of such a body would stifle the emergence of black trade union leaders.

Reagan plan loses its linchpin

BY REGINALD DALE, U.S. EDITOR, IN LONDON

KING HUSSEIN'S refusal to join the Middle East peace process bas knocked the linch-pin out of President Ronald Reagan's initiative — one of the main planks of his foreign policy.

Although the initiative, launched on September 1, had clearly been foundering for several months, Washington had been pinning its hopes, increasingly desperately, on the King to take bis courage in both hands and step forward as its saviour.

In addition to private and public appeal, the Reagan Administration hinted that some of the sophisticated U.S. weapons that the King wants, such as mobile anti-aircraft missiles and advanced fighters, might be more easily forthcoming if he joined the peace process.

Only last Friday, the Administration said publicly that the U.S. would also put renewed pressure on Israel to freeze the establishment of Jewish settlements in the occupied territories if he did so.

The Administration has stepped up pressure on the Government of Mr Menahem Begin, the Israeli Prime Minister, to withdraw from Lebanon by withholding delivery of a second batch of 75 F-16 fighters that Israel says it needs for its defence. It also frantically searched for a formula to guarantee the security of Israel's northern border after the Israeli army pulls out.

Now that all these efforts have failed, Washington will certainly do its best to find some other way of salvaging its initiative.

Several steps were said to be under consideration in Washington yesterday. Mr Reagan's first move on bearing the news was to telephone King Hussein and King Fahd of Saudi Arabia, and yesterday he was in touch with other moderate Arab leaders, who privately favour exploring the U.S. plan further.

The aim appeared to be to persuade them to use their financial and poltical leverage to force the PLO's various factions into an agreement with King Hussein that would allow him to go ahead.

Mr George Shultz, the Secretary of State, said the King was very close to entering the talks until the PLO made last-minute changes in the agreement on his participation.

However, while King Hussein might like to participate, he can only do so with PLO agreement, and the changes demanded by the PLO appear to make this impossible. Mr Shultz says that the cbanges were insistence that PLO representatives must be physically present at the bargaining table and a return to the demand for a Palestinian state—both totally unacceptable to Washington.

The chances of the U.S. making a radical shift of policy and recognising the PLO in the run-up to a presidential election are virtually nil. The 1984 election is already casting its shadow and U.S. administrations traditionally refrain from taking major Middle East initiatives in the pre-electoral period — largely because of the strength of the U.S. Jewish lobby.

If any good can come of the letest setback, in Washington's eyes, it is that it might conceivably hasten Israel's withdrawal from Lebanon—on the argument that Mr Begin may have been dragging his feet in the withdrawal negotiations to keep King Hussein out of the peace talks and kill the initiative, which be bitterly opposes.

If the assumption is true, as most people believe, Washington will privately blame Mr Begin as much as the PLO or King Hussein for the initiative's death-throes. But it has clearly demonstrated in recent months that it is incapable of coping with Mr Begin—and be is, in any case, the last person to want to belp give it the kiss of life.

Iranians launch new offensive

BAGHDAD – Iran said yesterday that Iranian forces bad launched a major offensive in the Gulf War and reported fierce fighting along its eastern border. Iran said its forces had recaptured a large area of its territory in heavy fighting.

A military communique from Baghdad said the Iranians attacked in the south-eastern border province of Misan along a 30km froot.

A later communique said most of the Iranian thrust was beaten off but fierce fighting was continuing.

Three hundred Iranians were said to have been captured, while the rest of the attackers either fled or were killed in the fighting, which occurred between the border villages of Al-Eila and Zubeidat.

Tehran radio said artillery battles were cootinuing yesterday in the Ein-e-Khosh region which forms the boundary between the mountainous province of Ilam and the plain of Khuzestan province.

It claimed that 3,000 Iraqi soldiers had been killed or wounded in the new attack, which a communique said was the cootinuatioo of Iran's Fajr (Dawn) offeosive in February.

The communique said several Iranian villages, three strategic beights and a military outpost bad been recovered in the offensive.

● King Fahd of Saudi Arabia ordered the temporary closure of a desalination plant drawing water from the Gulf yesterday as a huge oil slick threatening eight states neared the Saudi coast.

Oil gushing from shattered Iranian wells at the head of the Gulf has produced a slick spread across 19,500 sqkm, causing the worst pollution ever seen in the region.

The official Saudi press agency quoted the agriculture ministry as saying that King Fahd bad also ordered fishing to stop in polluted areas

Yesterday, belicopters spotted oil 10 miles from Al-Khobar, west of Bahrain, where the desalination plant is sited.

The eight Gulf littoral states have been trying to persuade warring Iran and Iraq to agree on capping the wells in the war zone. Reuter

Moroccan held in PLO killing

A 26-year old Moroccan citizen is being held for questioning by the Portuguese authorities following the assassination on Sunday of Dr Issam Sartawi during the Socialist International congress at the Montchoro botel in the Algarve, Diana Smith reports from Lisbon.

Dr Sartawi, 50, a moderate who acted as a roving PLO envoy in Europe, was an observer at the congress.

Hussein and Arafat acquire time to ponder next steps

BY RAMI G. KHOURI IN AMMAN

THE breakdown in Palestinian-Jordanian talks to formulate a joint negotiating position on talks with Israel, although a blow to President Reagan's Middle East initiative, gives King Hussein and the Palestinian leadership considerable breathing space to ponder future moves.

The breakdown was prompted by two key points:

● Jordanian frustration at besitation on the part of the Palestine Liberation Organisation (PLO) in drawing up a joint negotiating team to enter peace talks based on the Reagan initiative, and

● Considerable scepticism on the part of both Jordan and the PLO that the U.S. was willing to exert the kind of pressure necessary to balt Israeli settlements in the West Bank and Gaza and effect a withdrawal of Israeli occupation troops from Lebanon.

The Jordanian Cabinet statement issued on Sunday clearly left the next move to the PLO and the Palestinian people. King Hussein's affirmation that he cannot be expected to represent the Palestinians in any future peace talks bas dealt a strong blow to U.S. hopes that Jordan could be enticed into entering the suspended American-Egyptian-Israeli Camp David accord talks on the future of the West Bank and Gaza.

But behind the immediate gloom are reasons to expect an accelerated U.S. and Arab drive in peace-making efforts within the coming year. The breakdown in the Jordan-PLO talks removes the considerable, and perhaps largely self-imposed, pressures on King Hussein to decide bis next move. The PLO leadership also gains valuable breathing space to formulate future strategy.

One important task is to reduce Syrian and pro-Syrian Palestinian opposition to a broadened Middle East negotiation based on the Reagan initiative. The PLO also needs extra time to explore means of participating indirectly with the U.S. initiative while remaining faithful to the principles of both PLO decisions and the Fez Arab summit resolutions of last autumn.

Considerable progress has been made towards improving Jordanian-Palestinian ties in the past six months. The speedy agreement on a confederal relationship between Jordan and any future Palestinian state, a key element of the Reagan plan, indicated clearly the extent to which Jordan and the PLO felt the need to go along with the U.S. initiative to the greatest extent possible, given the lack of other options.

In the end, however, the PLO leadership was not fully convinced the Americans could or would deliver on their promise to halt Israeli settlements if a Jordanian-Palestinian delegation stepped forward.

The PLO will now face strong pressure to formulate e policy by which the organisation can be seen as entering a negotiating process with some promise of achieving the most minimal Palestinian demands—namely the withdrawal of Israel from the West Bank and Gaza.

Jerusalem welcomes collapse of efforts to obtain PLO approval

BY DAVID LENNON IN TEL AVIV

JERUSALEM yesterday welcomed the collapse of efforts to obtain PLO approval for King Hussein of Jordan to enter peace negotiations with Israel. Officials now hope U.S. pressure for Israeli concessions in the Lebanese peace talks and a freeze on West Bank settlements will be eased.

Israel sees the latest developments as confirmation that it was right in its assessment that the PLO has not moderated its position, and in its refusal to make any gestures to ease the path of King Hussein into peace talks.

King Hussein

Israel rejected the Reagan plan when it was proposed in September. Mr Menahem Begin, the Prime Minister, said at the time that it was "stillborn," and the latest developments are seen in Jerusalem as confirmation of this assessment.

The only basis for negotiations with Jordan, officials say, remains the Camp David accords, and Israel's invitation to King Hussein to join in talks with Israel on this basis still remains open.

Israel's biggest fear abont the Reagan proposal was that it envisaged trading parts of the occupied West Bank for a peace agreement with Jordan.

The Begin Government is totally opposed to ceding any of the West Bank, which it considers part of the biblical land of Israel promised to the Jews by God.

In a drive to prevent any surrender of this territory, the government continues to intensify its programme of building Jewish settlements on the West Bank. A plan shortly to be presented for Cabinet approval envisages the construction of 57 settlements in the next four years, as well as an expansion of existing settlements.

With the removal of the threat of having to open negotiations over the West Bank, the government may breathe more easily, but it is unlikely to ease back on its settlement programme for fear that the pressure for coocessions may rise again soon.

On the other hand, the collapse of the Reagan initiative may make it easier now to reacb agreement over the withdrawal of Israeli troops from Lebanon. For more than three months talks bave dragged on over this issue, with Israel showing no signs that it felt under any pressure to reach agreement.

Many believed that Israel was deliberately prolonging these talks, in order to put off the day when negotiations would have to begin over the West Bank.

With the likelihood of any immediate discussions over the future of the West Bank receeding, it is possible that Israel will now seek a speedy end to its occupation of Lebanon.

The refusal of the PLO to grant King Hussein permission to represent the Palestinians is a major blow to the left-wing camp in Israel which had already been severely affected by the weekend assassination of Mr Issam Sartawi, the PLO moderate who had advocated a dialogue with Israel.

One of the major gains which Israel bopes will emerge from the collapse of the PLO-Jordan talks will be an improvement in relations between Jerusalem and Washington.

These have been severely strained recently as the Reagan administration intensified its pressure on Israel to get out of Lebanon and freeze the West Bank settlement programme.

Syrians cannot hide satisfaction

By Louis Fares in Damascus

FIRST Syrian reaction to the Jordanian announcement came yesterday in a "political commentary" broadcast by the government-owned Damascus state radio, which did not bide its satisfaction at the results of the Amman talks between King Hussein and Mr Arafat.

"What Syria has forecast is taking its way to reality," the commentatary said. "It is establisbed now, after Sadat's surrender to the U.S. and Israel, and after the invasion of Lebanon and what bas preceded and followed this invasion, that the U.S. does not bave the keys for e solution in the area, and that the scbemes and projects put forward by the U.S. do not answer the minimal requirements accepted by the Arabs."

"This, in addition to the fact that the U.S. is not able, or is not willing to convince or to force Israel accepting even these American plans," it went on.

Reuter reports from Bahrain: Mr Yassir Arafat, the PLO leader, sent a message to the Kremlin yesterday on recent Middle East developments, the official Saudi Press Agency reported.

The agency said in a report from Sana, where Mr Arafat is meeting North Yemeni officials, that the message was sent through the Soviet Ambassador and also dealt with Mr Arafat's recent Arab tour.

AP reports from Kuwait: PLO officials declined immediate comment on King Hussein's decision to discontinue co-ordinating with PLO on Middle East peace moves. The Jordanian decision, they said, required careful study.

But Palestinians close to the PLO said tbey expected King Hussein to encourage the "so-called moderates "in the West Bank and Gaza to replace the PLO in any future Middle East peace action.

AP reports from Moscow: The Soviet Union said yesterday that Jordan's refusal to enter U.S.-sponsored talks on the Middle East was a "deadly" blow to Washington's "Feverish efforts" to realise President Reagan's plan.

Nervous, sweaty, exhausted. And that was just the journey from the car park.

It's true Heathrow has been a bit of an obstacle course until recently.

Much of the upheaval was created by the Underground.

A station, twin train tunnels and pedestrian subways all had to be excavated and equipped.

The new bus station also caused a few problems.

So did the covered walkways we erected between the Terminals and short term car parks.

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We gave all three major facelifts, reorganising Terminal Two completely.

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We would have done the work outside normal working hours, only Heathrow normally works 24 hours a day. Still, now the dust has settled the improvements are there for all to see and enjoy.

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A new Satellite Terminal we have built to ease congestion in Terminals One and Two.

It can accommodate up to 8 widebodied aircraft and up to 1200 widebodied passengers an hour.

It will help us keep pace with the growth in air traffic until Terminal Four is completed.

(Relax, the work isn't affecting the central area of the Airport.)

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You'll find it isn't the airport it used to be.

British Airports Heathrow

The British Airports Authority, a profitable public enterprise, owns and manages Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Prestwick and Aberdeen airports.

EEC steps up pressure on Japan

GENEVA—The EEC, applying more pressure on Japan to liberalise its trade policies, has asked for creation of a working party under the General Agreement on Tariffs and Trade (Gatt) to examine whether existing Japanese practices are too restrictive.

A Community official said the action was taken because recent Japanese moves toward more open trade, while welcomed by Brussels, are not sufficient to alleviate the large trade imbalance between Japan and the EEC.

The EEC's request was being distributed yesterday to officials of the 88 nations adhering to the Gatt. They are expected to consider it at the Gatt council's next meeting on April 20.

The move follows several rounds of talks last year between Community and Japanese trade negotiators.

The Community's deficit with Japan widened steadily to $12.5bn (£8.3bn) in 1981. The deficit narrowed to $10.6bn in 1982.

AP

Christian Tyler analyses problems the White House faces in curbing the 'high-tech' drain

Export control looms large in Reagan's plans

PRESIDENT Ronald Reagan has demonstrated once again that he is determined to put an armlock on Soviet military and technological progress.

He is equally determined to punish, by embargo if necessary, companies within the Western alliance who "leak" to the Warsaw Pact technology he considers against U.S. interests.

The high priority the U.S. president attaches to these aims was declared last week when Mr Lionel Olmer, under-secretary of Commerce, explained to a Congressional sub-committee what the White House wants from a revised Export Administration Act, 1979.

Indeed, if the President gets his way, the whole emphasis of the legislation—due for renewal by September 30 — will be shifted away from export promotion and towards export control.

But the President may not get all he wants. The White House proposals were under attack even before they were sent to Congress, if only because the arguments thrown up by the Siberian gas pipeline row have comfortably survived the Administration's retreat on that issue.

Now European Ministers and officials are busy lobbying on Capitol Hill to try to curtail what they see as an even greater extension of U.S. interference in the business of overseas companies and the sovereignty of national governments

In particular they are "deeply unhappy," to quote the British Trade Minister, Mr Peter Rees, about the threat of U.S. import bans on overseas companies that the President considars to be dodging the rules for trade with the Eastern bloc.

U.S. export controls date back to 1940, when the President took powers to ensure that shortages did not develop at home because of the Second World War. They were used for supply reasons in 1973 to prevent shipment of soyabeans (incidentally encouraging Brazil to develop its own soyabean exports).

The Cold War prompted export controls in the interests of national security. Later legislation continued this purpose but also permitted restrictions for foreign policy reasons.

Mr Olmer has said the Administration's Bill seeks both to refine the list of sensitive products and to extend negotiations with countries both inside the Nato-based Co-ordinating Committee (CoCom) and outside it.

The "strong new penalty" of an import ban may, therefore, be seen both as an attempt to mollify the Allies while providing a strong inducement to police the system. Trade embargoes against offenders may also have the advantage, from the U.S. point of view, of being more easily enforceable.

The President has a strong domestic, as well as international, lobby to contend with. For example, the U.S. Chamber of Commerce in February castigated tha use of export controls to promote U.S. foreign policy (as distinct from protecting national security).

It said, in effect, that successive embargoes on exports to tha Soviet Union had done more damage to Americans than to Russians.

Mr Robert Michel

Since the middle of 1978, for example, Caterpillar's 85 per cent share of the Soviet market for large pipelaying machines had been inherited by Komatsu, its Japanese rival. The loss of over $400m of exports and 12,000 man-years of employment seemed "an expensive price for Peoria and other communities to pay."

Peoria is in Illinois: and the fact that two influential Congressmen from Illinois—Representative Robert Michel, minority Republican leader of the House, and Senator Charles Percy of the foreign relations committee — are facing re-election could also spell trouble for the Administration Bill.

President Reagan has sought to appease the business—and overseas—lobbies by amending the retroactive nature of the Act's powers except in exceptional circumstances. Companies would have 270 days in which to honour their existing contractual commitments, and there could be successful pressure for further amendment still.

Another area in which officials see the White House compromising is in its reluctance to provide insurance for companies that suffer losses because of a Presidential embargo.

Mr Olmer told the House subcommittee that foreign policy interests might indeed impose significant costs on industry.

But he added: "The President must have the flexibility and the authority to respond rapidly to unacceptable international behaviour." The Administration would oppose any further changes to the Act in that respect.

Senior officials of the Administration are said to be privately unhappy with the President's line of attack, believing—like his business critics—that the U.S. can no longer call all the shots as it used to do.

But despite every argument that will be thrown against his Bill—including tha damage it might do to U.S. companies' business relations everywhere—it is believed Mr Reagan will use the Soviat threat to press home the main burden of his case.

Swedes to share in Berlin plant

By Maurice Samuelson

TWO LEADING Swedish and U.S. packaging companies are to build a jointly-owned factory in West Berlin to supply the growing West German market for beer and beverage cans.

PLM, of Malmö, Sweden, and Ball Corporation, of Muncie, Indiana, said yesterday they would invest DM 130m (£36m) on machinery and buildings and that the plant, with an initial capacity of 500-600m two-piece cans a year, would come on stream at the end of 1984.

In contrast to Britain, where overcapacity has led to several closures of beverage can lines, the West German can market is expanding, mostly at the expense of glass containers.

The main can factories in West Germany are controlled by two other U.S. groups—Continental Can and National Can.

PLM already supplies West Germany from a new can factory at Malmö, 52 per cent of whose output last year was exported. The West Berlin factory will be able to compete more effectively with the other suppliers in West Germany.

HK company moves textiles up-market

BY ANTHONY MORETON, TEXTILES CORRESPONDENT, RECENTLY IN HONG KONG

THE KWAI CHUNG factory of Fang Brothers Knitting Company is not what many Europeans have in mind when they talk about Hong Kong conditions.

Its 800 workers occupy a building that is modern, well lit and ventilated and contains the most up-to-date weaving and knitting machinery in the world.

Some of the workers earn wages that would be more than welcome in Leicester or Lyons. At tha top of the scale some of the young girls earn ovar £500 a month for an eight-hour, six day week. The average in the plant is between £200 and £300, depending on the staff's ability (most are women) to benefit from the piece rates.

The gross take-home pay is also the net figure because there are few direct taxes in Hong Kong.

Mr Kenneth Fang, director (in effect, its head) of the company as well as the associated Lea Tai Textile Company, says: "It is a mistake to think that we pay low wages here in Hong Kong. We pay well and we do so because our work force is flexible, highly dextrous and uses the very latest machinery."

Kwai Chung is just to the north of Kowloon, in Hong Kong's New Territories. Physically, it resembles Kowloom with the proviso that it is rather more open and the factories are not nearly so hemmed in by their neighbours.

The two companies employ 4,000. It is a vertically-integrated concern, though Mr Fang acknowledges that the spinning and weaving is being increasingly threatened by China, whose border lies no more than a dozen miles north of Kwai Chung.

"Three or four years ago Hong Kong had 800,000 spindles. Today there are 500,000 left and even these are only operating at about 60 per cent of capacity. It is the same story in weaving. In our company we have stopped producing from two-thirds of our spindles and as many looms.

Today the Chinese are much more of a threat as producers of cheap grey cloth to South Korea and Taiwan.

"If we in Hong Kong lost all our garments business to China, then I would be worried. But we have moved up-market and wa are still well ahead of them in the class of goods we sell. You don't see many of their clothes in Harrods, but you will see ours there."

Fang's business is widespread. The Kwai Chung factory makes sweaters and other knitwear for Littlewoods in Britain as well as for other chain store groups in Europe and the U.S. The Lea Tai plant, also in Kwai Chung, spins and weaves as well as makes T-shirts, jeans and other cotton apparel.

"We now produce mainly branded names. . . . We used to sell to the stores such as J. C. Penney or Sears Roebuck, but as Hong Kong has traded up we have moved to the better end of the department stores instead of the mass end and so work increasingly with the wholesalers."

The family, like so many in the industry, arrived in 1948 in the wake of the Chinese revolution. At this time Hong Kong had no textile business worth talking about, and it was the arrival of the Shanghai families with much of their equipment that enabled an industry to be created.

The Fangs were one of the first 13 cotton-spinners to set up in the colony, but their davelopment differed from that of many of their compatriots. The company moved into weaving in the mid-1950s, but it did not go into garments for another ten years, sometime after the rest of the industry.

"Hong Kong moved into clothes around 1960 as a consequence of the Americans putting a ban on imports of Japanese goods," Mr Fang says. "We did not follow the general trend, and when we did it was because we wanted to diversify. We were also influenced by the fact that there were quotas on spinning at the time but not on apparel."

While these developments were taking place Mr Kenneth Fang was in the U.S. Like so many of the Shanghai community he was educated in the U.S., graduating from the Massachusetts Institute of Technology as a chemical engineer.

The past year has been difficult for tha company. "The U.S. market has been bad and the UK is still comparatively weak, though there are some signs of recovery in Germany. Since we export 90 per cent of our apparel output overseas markets are vital to us."

British car parts bound for Moscow

By John Griffiths

A CONTAINER truck loaded with car parts and accessories made by more than 30 UK companies is en route to Moscow.

The parts will be shown at a trade exhibition being sponsored by Satra Corporation, the U.S. trading concern which owns Lada Cars (GB), and tha Soviet Technika organisation.

The UK representation, which embraces parts makers from the West Midlands, Yorkshire, Merseyside, south-east England and East Anglia, was organised by tha British importer, which is based at Bridlington, Yorkshire.

Lada Cars (GB) makes considerable annual purchases from the UK parts and accessories trade, to ugrade the specification of Lada cars sold in the UK (nearly 17,000 last year).

It was also instrumental in securing a recent contract for Goodyear to supply £2m-worth of tyres to Lada from the UK.

Motor parts retailing outlets throughout the Soviet Union have been invited to the Moscow exhibition. None of tha 300 parts to be shown is for sale; but Lada claims the UK makers should be able to return with "substantial" orders.

● ZF, the West German vehicle transmission maker, has won its first sizeable order from China.

It is for mechanical gearboxes and converter clutch systems and is worth £1m. They are for fitment to heavy commercial vehicles, which will also use Klochkner Humboldt Deutz air cooled diesel engines.

ZF has filled a series of small test orders for China over the past few years and now hopes to expand its business there considerably.

It is also to supply Hino and Nissan of Japan with 160 automatic transmissions for buses destined to go in service with Singapore Shuttle Bus Company.

Barclays Bank in Portugal venture

BARCLAYS Bank has established a joint venture company for equipment leasing in Portugal.

The company — Sociedade Financiera de Locacao (SOFINLOC)—will be under tha joint control of Barclays and Banco Portugues do Atlantico, each having 26 per cent of the equity. Minority shareholders include International Finance Corporation, a subsidiary of the World Bank and 13 Portuguese private companies in the distribution and industrial fields.

Protest by Israeli manufacturers

By David Lennon in Tel Aviv

ISRAEL'S manufacturers and farmers have decided not to participate in Government-sponsored fairs and exhibitions, as a protest against Treasury policies which they say harm exports.

Last month's industrial exports, excluding diamonds, fell by nearly one quarter, and all exports were 17 per cent less than in March 1982. In the first quarter of this year, exports dropped by 10 per cent.

Yesterday, the Commerce and Industry Ministry played down the March trade figures and attributed them mainly to the economic recession in the West.

U.S. gas deal for Swedish group

Aga, the Swedish industrial gas group, has announced plans to build a new gas separation plant in the U.S. at a cost of SKr 165bn (£15m), our Stockholm Correspondent reports.

The group also signed a letter of intent under which the Timken Company, a roller bearings manufacturer, of Canton, Ohio, will buy 60 per cent of the new plant's production of oxygen, nitrogen and argon over the next 15 years.

Effort intensifies to secure end to fighting in Central America

BY HUGH O'SHAUGHNESSY

INTENSE diplomatic activity is under way in Western Hemisphere and European capitals to find a negotiated solution to the fighting and tensions in Central America.

The Left-wing Sandinista Government in Nicaragua, which has been accusing the U.S. Government of backing an invasion of its territory by counter-revolutionary forces based in Honduras, has repeated its support for the "Contadora Plan" launched by the Foreign Ministers of Panama, Mexico, Venezuela and Colombia in January at their meeting on the Panamanian island of Contadora.

The plan, which called for a halt to the supply of foreign military aid to the countries of Central America and the withdrawal of foreign troops from the Isthmus, was also backed by the Presidents of Colombia, Panama and Costa Rica who met in the Panamanian capital at the weekend.

For its part the military dominated Government of Honduras, which has increasingly close relations with Washington is still pressing for the Organisation of American States (OAS) to take a role in mediation efforts. The Nicaraguan Government has rejected the OAS as an inappropriate forum because of its close links with U.S. policies.

The proposal that the United Nations should assume a more active role in the Isthmus, which was put forward by Sir John Thomson, the permanent British representative at the UN, when he chaired the debate in the Security Council last month on the invasion of Nicaragua, has received increasing support.

It has been backed by France and is understood to have attracted the personal support of President Miguel de la Madrid of Mexico.

Britain is not expected to push its proposal ahead of any diplomatic initiative being taken by the countries of the region. At the same time, however, the British plan, backed as it is by France, could form the basis of a peace proposal tabled by the European Community as a whole. A European plan would be expected to cover Nicaragua, El Salvador, Honduras and possibly Guatemala, where operations by the forces of Gen Efrain Rios Montt, have claimed many thousands of lives.

Proponents of an increased role for the UN in Central America point to the fact that Sr Javier Pérez de Cuéllar, UN Secretary-General, is an experienced Peruvian diplomat and that some policy makers in Washington realise that the OAS has neither the reputation of impartiality nor the diplomatic expertise to carry through a complicated mediation operation.

Andrew Whitley visits Grenada, described as a threat to the U.S.

Fear and resentment under the nutmeg tree

THE NOTICE on the wall of the reading room in Grenada's main public library is more menacing than the customary threats of fines for delinquent borrowers. "There are three categories of workers" the notice reads, "Fits, misfits and counterfits *(sic)*: which category are you?"

The two-storey, stone building on the harbour at St George's, Grenada's old fashioned little capital, does not look capable of harbouring such Stalinist sentiments. Its dour exterior has the look of a Baptist chapel in the north of England. But then, Grenada as a whole does not appear to fit the description U.S. President Ronald Reagan has given it of being a "threat to the security of the U.S."

An exhaustive tour of the atrocious roads which cross the hilly, heavily forested island threw up no trace of the alleged submarine base Grenada is said to have set up, nor of the missile emplacements the U.S. President has said he fears.

As for the new $71m international airport which Cuba is helping to finance and build—prompting Western concern that it could be used as a staging post for Cuban or Soviet "adventures"—the emerging runway and terminal buildings are plain for all to see. So, too, are the 250-odd Cubans working on the site.

Their target is to get the airport at least functional by next March, in time for the fifth anniversary of the coup which brought Mr Maurice Bishop's New Jewel Movement to power in 1979.

"For those of you who haven't been to Point Salines recently, it is essential that you go and view the runway," Brother Bernard Coard, Grenada's Finance Minister and ideologue, told a mass meeting in February, while presenting the 1983 budget. Many Grenadians do just that.

But while the Government dismisses the U.S. Administration's statements out of hand, it is still preoccupied by what it sees as the real threat of a "Bay of pigs"-style mercenary invasion, backed by the U.S.

Since the overthrow of Sir Eric Gairy, the elected Prime Minister who ran Grenada as his personal fiefdom, Mr Bishop's Left-wing Government has had to cope with the active hostility of Washington. In recent months the chorus of denunciations has been stepped up to such a pitch that many in Grenada fear Mr Reagan will have to act to back up his words.

The strike into Nicaragua by anti-Sandinista rebels supported by the U.S., has heightened tensions in its ally Grenada. "This build-up of propaganda against us may lead to a hostile act," said Mr Unison Whiteman, Grenada's Foreign Minister, adding that the army and militia were on the alert. A U.S.-backed force of exiles and mercenaries is being trained in Miami, he charges.

Cuban assistance to Grenada in the military, technical and financial fields has been substantial.

One night last September, during an unusually long blackout, at least six Soviet-built armoured personnel carriers were brought ashore in great secrecy. No longer will it be possible for 47 men armed with smuggled rifles to overthrow the Government, as the New Jewel Movement did.

Mr Bishop has made clear by his actions that he has no intention of allowing any opposition to develop. Up to 100 known or suspected opponents are being held without trial in a former barracks on the hill above St George's, a substantial number in a population of only 110,000.

There is no doubt that the Bishop Government is working hard to develop the country's agricultural resources and make up for the stagnation of the Gairy era. The World Bank, for one, has been impressed by the progress of recent years.

According to Mr Coard, unemployment has dropped from 49 per cent at the time of the coup to 14 per cent, economic growth last year was a creditable 5¼ per cent, and living standards are rising.

Earnings from tourism are critical because of the large and probably permanent, external trade deficit. Last year's deficit of EC$101m (£25m) was double Grenada's total export earnings.

The principal exports of bananas (Geest, the UK company, is the monopoly buyer), nutmeg and cocoa have not done particularly well in recent years. Nor has the tourist industry.

Meanwhile capital expenditure is growing at a phenomenal rate: up from EC$16m in 1979 to EC$101m last year. To fund the programme of civil works and fledgling industries, Grenada has inevitably become more dependant on foreign aid and loans.

Both the U.S. and Britain have refused to consider new assistance, while the Soviet bloc has, in contrast, stepped up its help with credits, equipment and long-term import commitments.

Nearly 40 per cent of this year's planned capital spending is earmarked for the new airport, designed to pave the way for a "new economic era" as the tourists flock in. Modern jets cannot use the existing tiny airport.

But whether Western tourists clutching hard currency will indeed pour in when the airport opens is very much an open question.

U.S. banks urged not to withdraw from lending

By William Hall in Puerto Rico

U.S. REGIONAL banks must not pull out of the international banking market at short notice if the world banking crisis is to be solved, Mr Peter Cooke, head of banking supervision at the Bank of England warned yesterday.

Mr Cooke, who is one of the world's leading banking supervisors and has been intimately involved in diffusing a recent international banking crisis, was addressing 700 bankers at the annual convention of the Bankers' Association for Foreign Trade (BAFT), in Puerto Rico. He warned that "the snapping of just a few strands weakens the whole fabric to the detriment of all."

Mr Cooke's warning was particularly relevant since it was addressed to an audience of mainly regional U.S. banks. More than 1,000 U.S. banks have lent money to Mexico and many have been wanting to pull out of international lending as Mexico's financial problems have mounted.

Mr Cooke said that some banks are no doubt wishing they had not undertaken the international business. Some argue that they do not understand the business and events have demonstrated very clearly that they and their depositors would be better served if they were to stick to domestic business in future.

Balance sought

"I understand that argument, but I cannot say it should prevail in current circumstances," said Mr Cooke. "What may be perfectly reasonable for one bank is unreasonable for a large number of banks which, acting collectively, have the effect of imposing severe contraction pains on the system."

A balance must be struck between the interests of borrowers and lenders if crises were to be prevented and careful judgments were needed to arrive at the appropriate involvement of individual banks.

Mr Cooke emphasised that central bank involvement in recent debt negotiations was essentially "to set out to ensure that the banks involved were fully aware of the overall situation in which they had become involved." He denied that there had been any arm-twisting and said that the final decision had been up to the banks themselves.

He said there were always some inhibitions by the authorities to impel banks to take certain actions under certain circumstances because "it seems to carry with it some kind of implication of underlying support for those institutions which followed that course of action. This is a very delicate path which has to be trod," said Mr Cooke.

Closer scrutiny

Turning to the short-term money markets, he said that the maintenance of essential flows in the interbank markets was extremely important for everyone's interest. He added that banks will need to pay closer attention to the nature of the relationships they enter into in the interbank markets.

They could, with benefits, scrutinise rather more closely over the longer term, establish better guidelines for themselves and have a better understanding and knowledge about the way the short-term funds are being used.

AP-DJ adds from Washington: Federal Reserve Board chairman Paul Volcker, speaking to the Senate Banking Committee, said that if lenders withdrew from foreign lending abruptly, financial crises could be precipitated in otherwise creditworthy countries.

Mr Volcker said a "balanced, sound, long-range approach" is needed on foreign lending activities of U.S. banks.

Cubans to meet creditors on short-term debt

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

CUBAN officials are to meet with their leading international bank creditors in Paris on Friday in an effort to hammer out terms for the extension of more than $200m (£131m) in short-term debt.

The talks form a vital and final part of the country's efforts to renegotiate its $3.2bn foreign debt. Cuba has already reached a tentative agreement with its bankers on the rescheduling of some $140m in medium-term debt due this year and agreed with Western governments to reschedule $400m over 8½ years.

But the short-term debt talks are likely to prove particularly delicate because they will involve the conversion of interbank lines into full short-term loans. Cuba has told the banks that, unless they agree, it may have to revise other parts of its debt renegotiation because of its precarious liquidity position.

The talks on Friday will centre on a proposal to extend the short-term debt for one year at a margin of 1 per cent over Eurocurrency rates. For political reasons Cuba's debt is basically denominated in non-dollar currencies.

The country's 100 creditor banks still have to agree formally to the terms proposed for rescheduling the $140m equivalent in medium-term debt. Proposed is a rescheduling over seven years at a margin of 2¼ per cent over Eurocurrency rates with repayments beginning after a 2½ year grace period. There would be a 1¼ per cent renegotiation fee for the arrangement which covers debt maturing between September, 1982 and the end of this year.

UK NEWS

£20.4m loss for Inmos after high start-up costs

BY JASON CRISP

INMOS, the controversial, state-backed microchip company, made a loss of £20.4m on sales of £13.7m last year but is expecting to move into profit in 1984.

The losses reflect the high start-up costs of the company intended to give Britain a presence in the mass-market microchip business. A major part of its costs last year was the establishment of a large, new semiconductor plant in Newport, Wales.

Inmos, founded in 1978, has received about £115m in backing from the Government in the form of equity, guaranteed loans and grants. At the beginning of this year the Government reluctantly provided the final £15m in equity. The company is expected to try to raise private finance before the end of this year.

Inmos sales rose to £13.7m last year from £2.14m in 1981. Sales in the first quarter of the present financial year are more than £5m, and for the full year are expected to be well over double last year's figure.

More than 80 per cent of Inmos's sales are in the U.S. where it manufactures most of its output at its first factory in Colorado Springs. Production at the second plant in Newport is being rapidly stepped up and a second shift is being recruited with a third expected to start in September. Total employment is just under 1,000.

Inmos claims to have about 60 per cent of the market for fast static 16K random access memories (RAMS). (These are very specialised high performance memory microchips used mainly by the military but also in telecommunications).

It recently entered the fiercely competitive market for 64K dynamic RAMS. Dr Richard Petritz, managing director of Inmos was optimistic about the market for these chips because of shortages.

Malcolm Wilcox, the retired banker who was appointed chairman of Inmos when the Government injected its extra £15m, refused to give any indication yesterday of when Inmos would seek private finance.

Inmos will try to find extra sources of finance to back its revolutionary and unproven microprocessor product the "transputer." It is claimed, the transputer will not only replace existing microprocessors but also be the building block for the so-called "fifth generation" of computers.

Inmos hopes to get Government support for the development of the transputer as part of its function in the fifth generation of computers.

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Gloomy report on jobs under attack

By Gareth Griffiths

THE GOVERNMENT and the Confederation of British Industry (CBI), sharply criticised a paper produced for yesterday's meeting of the National Economic Development Council (NEDC) which argued there was no prospect of an increase in jobs during the 1980s.

Government representatives at the meeting of Government, industry and unions felt the report failed to consider the more favourable economic developments of recent weeks. The CBI also said the report gave an unacceptably depressing picture.

The National Economic Development Office (NEDO) has been told to specify details and sharpen up those issues which the NEDC should consider to help the economy achieve a better performance. These will be considered later, possibly next month.

The Government feels that NEDO has failed to consider the service sectors which it believes will create a great deal of employment.

Mr Geoffrey Chandler, NEDO's director general, said the fundamental assessment had not been invalidated by any changes since it was prepared.

The report draws together the assessments of the NEDC's 40 sector committees on their industries' medium-term and long-term performances to the end of the decade.

Training for the employed, Page 10

Duty-free sales likely to stay

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SALES of duty-free goods for air travellers within the EEC seem likely to continue, after a change of mind by the European Commission.

These sales generate substantial business annually for airlines and airport authorities. The British Airports Authority (BAA) alone earns £74m a year from concessions at airports, including duty-free goods sales.

The EEC some time ago proposed legislation within the Community abolishing this facility, arguing that it was a privilege for air passengers denied to road and rail travellers.

After much lobbying by the BAA, airlines and others, including some governments, the European Commission has asked the Council of Ministers to legislate in favour of the duty-free goods trade and clarify the existing law.

A new "proposed draft directive" has beeo issued by the EEC, endorsing the principle of duty-free allowances within the EEC but retaining reductions in the scope of those allowances in some countries.

The draft directive specifies that the allowances in Britain for arriving passengers would be the standard throughout the EEC.

Mr Philippe Hamon, the BAA's head of marketing, says this turnround is largely the result of BAA's lobbying against the original proposals.

He says: "We still have a long way to go, as the proposals have to be thrashed out by the European Parliament, the Economic and Social Affairs Committee and a host of other officials, before the Council is able to make its decision – and the Ten Finance Ministers must be unanimous."

Mr Hamon believes, however, that the latest development is a step in the right direction, as two cases still before the European Court could lead to the abolition of the allowances, because of the ambiguous state of existing law.

He says: "The existence of the draft directive, we hope, will assist the Court in interpreting this law and avoid a ruling which would undermine the profitability of transport industries, causing a sharp increase in the cost of air and sea travel in Europe."

Harland and Wolff to make further 700 workers redundant

BY OUR BELFAST CORRESPONDENT

HARLAND AND Wolff, the state-owned Belfast shipyard, is to make a further 700 workers redundant. Last year 1,000 job cuts were announced as part of a programme to reduce overheads.

Management of the loss-making company told union representatives at a meeting in Belfast yesterday that the latest redundancies would all take effect in the first week of July. The main cause is simply a lack of work.

Losses in the 15 months to March 31, 1982 fell to £28.2m, an improvement on the two previous years. A further improvement may be expected for 1983, but the results will not be published for several months.

The company also intends to introduce short-time working as necessary from July to cope with gaps in the workload. Last year, after a report from management consultants, Harland and Wolff set about cutting £11m off its annual £40m overheads. It said then that this would involve more than 1,000 job losses, about half of which have now taken place.

The latest cut in the workforce will reduce the yard's manpower to 5,000. Only two ships remain on the order book – a crude oil carrier for BP to be delivered later this year and a bulk carrier for British Steel.

Negotiations are taking place on the financing of an order for four ships worth £70m. The contract would involve four refrigerated ships for the Blue Star Line and are seen as particularly crucial for the yard's short-term future.

Mr John Parker, Harland and Wolff chairman, said the Blue Star order would ensure the company's survival and give it one of the best order books of any British merchant shipyard. If the company failed to get the order it would face a crisis.

The company is under instructions from the Government to reduce its dependence on public money. Mr James Prior, the Northern Ireland Secretary, has told the directors that the present level of subsidy (about £48m last year) cannot go on.

Visa gives larger role to banks

By Alan Friedman

VISA, the international payment systems group, yesterday announced a package of "strategic changes" in its policy which will result in the reduction of the Visa trademark symbol on plastic cards and an enhanced role for member banks.

Mr Joao Ribeiro da Fonseca, general manager of Visa Europe, denied the change had resulted from pressure on Visa from member banks. "This is our reading of the market's evolution rather than any political pressure," he commented.

In recent months a number of bankers in the Visa network have complained privately that the organisation was playing too dominant a role in guiding the credit card policies of its banks. There is particularly violent opposition to the Visa organisation in West Germany, where banks have effectively barred the card and other Visa products and have allied themselves with American Express instead.

Midland ends $ business at Lloyd's

By John Moore, City Correspondent

MIDLAND BANK's approved Lloyd's insurance broking companies are withdrawing all their U.S. dollar business within the market because the bank does not wish to comply with new Lloyd's regulations covering dollar transactions.

Midland Bank, which has two Lloyd's companies which have operated in the market for the last three years, said yesterday that under the new rules, "we are required to enter into a registrable legal charge against group assets under the Lloyd's proposals." The group added that this was not acceptable. "We have a reputation for standing by our subsidiary companies without that sort of arrangement which could create a precedent in our other activities."

Midland said that it was not its policy to provide such a charge over its assets since compliance with the regulations could open the floodgates to a host of similar requests from other organisations.

The new rules came in force at Lloyd's in January when Lloyd's told insurance brokers that new trust deeds were to be executed in order to ensure that the U.S. dollar business was properly segregated away from their other activities and incorporated in their "insurance broking account."

Lloyd's is expected to discuss the move by Midland and its two Lloyd's companies – Midland Group Insurance Brokers and Midland Bank Insurance Brokers – when it will be decided whether it is appropriate for the Midland's insurance broking operations to retain Lloyd's status because of the non-compliance with Lloyd's rules.

Uphill struggle for Sotheby's suitors

STEPHEN SWID and Marshall Cogan, for all their involvement in the U.S. art gallery world, were hardly well-known in international art dealing.

They moved on-stage last December with the announcement that they had bought 14 per cent of Sotheby's, the London fine art auctioneers, and yesterday stepped into the full glare of the spotlight with their £61m offer for the entire company.

The two Americans are having an uphill battle to establish their credentials with the shareholders and senior staff of a business which is as much a British institution as a commercial venture. Sotheby's management has as good as dismissed them as upstart manufacturers of carpet underlay with little knowledge of the art world.

Mr Swid, 42, and Mr Cogan, 45, by contrast stress the seriousness of their involvement in the U.S. arts scene and the high quality of designers who have co-operated in their furniture-making activities. Mr Swid lists connections with the Metropolitan Museum of Art and the Guggenheim Museum in New York, while Mr Cogan points to his links with the Museum of Modern Art in New York and Harvard University'a Visiting Arts Committee.

Both men also have sizeable art collections of their own – Mr Cogan has an "eclectic" combination of pre-Colombian, early 20th-century European and American regional art, while Mr Swid has an American collection.

Asked abont the value of their pictures, Mr Swid describes it as subjective. "It lies in the pleasure of looking at it," he said.

Both men are also keen to emphasise the role that high quality furniture plays in their business activities. Knoll International, the furniture side, had 1982 turnover of $160m compared with $150m from General Felt.

Ironically, but significantly in the light of the present bid battle, Knoll International is not able to use its own name on its furniture in Britain.

One of the Knoll brothers licensed the British furniture company Frederick Parker and Sons to make a type of tension spring in the 1930s. Some time in the late 1940s Parker changed its name to Parker Knoll, and Knoll International, which has no link with Parker Knoll, has since sold its furniture in the UK under the "Form" label.

Swid and Cogan attempted to persuade the Sotheby's board to approve an agreed bid for the company at a meeting oo Sunday. But the meeting, described by the Americans as "very formal, very British" and by Sotheby's as "courteous and cool" achieved nothing.

Both men are critical of the way the present Sotheby's board has managed the company.

A main reason for the offer is their shared concern "for a unique institution whose traditional position as the premier auction house of the world is under threat.

Charles Batchelor examines an unwelcome bid for one of the world's leading fine art auction houses

"Sotheby's business during the past few years has deteriorated to the point where its market share has fallen behind that of its traditionally smaller competitor. Although the worldwide economic downturn has inevitably affected the art market adversely, Sotheby's would appear to have suffered disproportionately," they said.

Sotheby's made a loss of £3.06m in the year to August 31 1982 compared with a profit of £7.04m the year before.

The problems arose from Sotheby's rapid expansion into the British provinces and overseas during the late 1970s. At the point of its maximum financial commitment, demand for medium quality works of art fell away because of the recession.

Swid and Cogan argue that Sotheby's reaction, which has been to cut many of its operations, is short-sighted. The company left its freehold auction rooms in Los Angeles, laid off staff and moved into smaller rented premises

Sotheby's chief executive, Mr Graham Llewlleyn says the company is not willing to "slaughter" its assets when it does not need the money.

The two Americans contrast this with the success of their own business which is based in Saddlebrook, New Jersey, but which employs 3,000 people in 15 factories around the world.

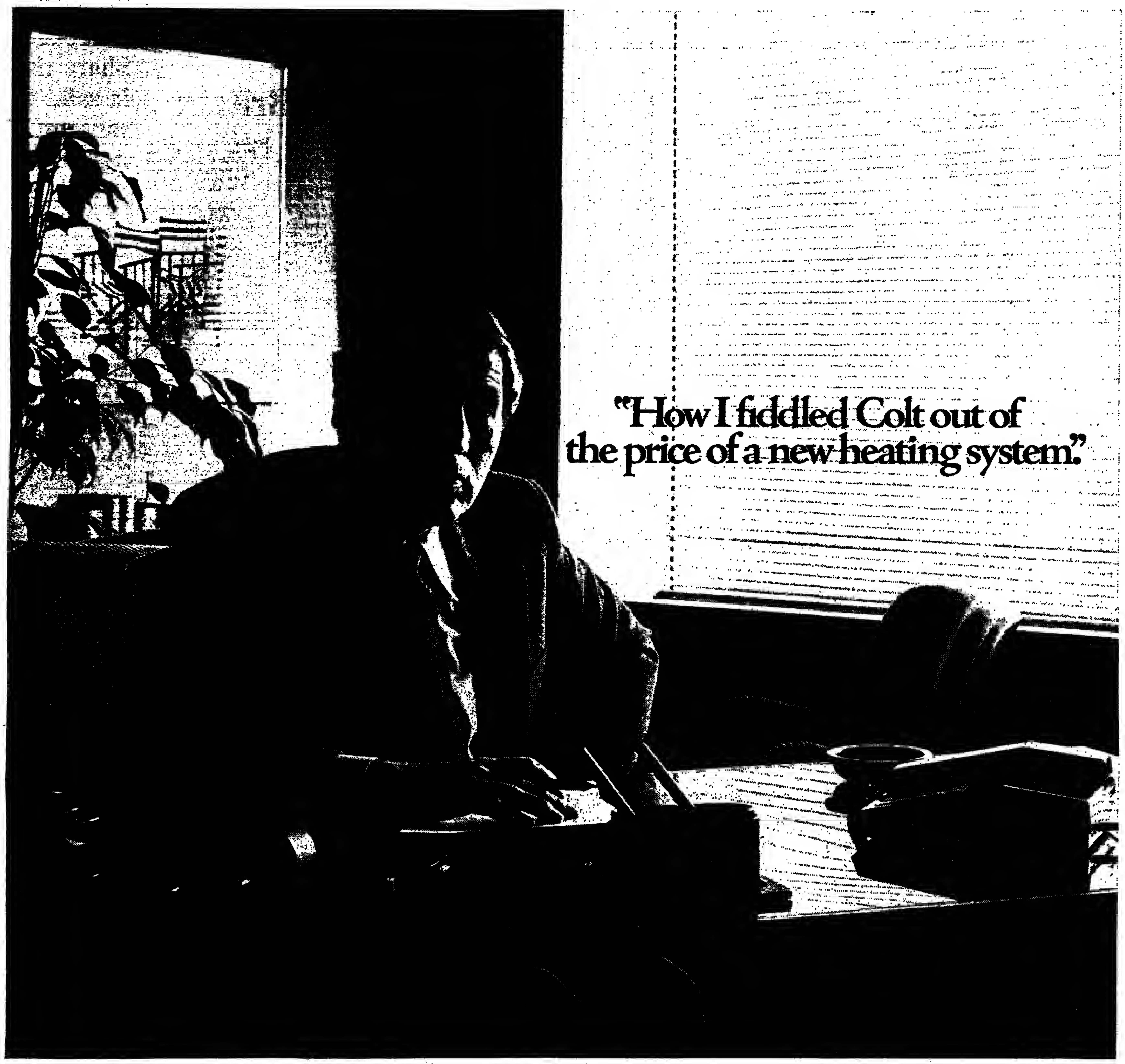
Since acquiring Knoll International in 1976 Mr Swid and Mr Gogan have expanded it from a company making $1m pre-tax profits on turnover of $60m to one with profits of $15m on turnover of $160m.

The two men own 33 per cent each of the holding company, GFI/Knoll, with the remaining shares held by 14 individuals and institutions, none with a holding of more than 5.5 per cent.

The bid for Sotheby's is being made through a oewly-formed subsidiary Knoll International Holdings Inc, which is 90 per cent owned by GFI/Knoll, with 10 per ceot held by nine other investors.

Union to rule on steel strike

THE EXECUTIVE of the Iron and Steel Trades Confederation, the leading steel union, meets today to decide whether to step up its strike in Yorkshire after the British Steel Corporation's refusal to refer a wages dispute to arbitration. Last night talks continued between the union and the Corporation aimed at ending the strike which has halted the South Yorkshire plants.



"Our old heating system had been in terminal decline for as long as anyone could remember.

But with the recession, and pressures on budgets, we always had to coax another season's use out of it.

It must be a familiar story in a lot of companies at the moment.

Then I heard about a new scheme from Colt.

They were boasting to have saved a small fortune for companies up and down the country who had out-dated heating systems like ours.

On top of which, a Colt system was reckoned to pay for itself, installation and all, in less than two years.

(In our case the payback period turned out to be about one second flat! But I'm jumping ahead of myself.)

They offered to do a free, no obligation survey of the heating and ventilation system, then present us with their recommendations for the future.

We had nothing to lose and everything to gain, so I gave them a ring and suggested they take a look at things.

It wasn't long before I was staring at a set of figures predicting a 60% annual saving in fuel costs, guaranteed by Colt for at least ten years. And that was just the beginning.

Next, they worked out a programme of staged payments, based on the figures in their survey.

The idea was that we'd only have to pay Colt as the energy savings mounted.

Sure enough, by the time each payment fell due, our new heating system had reduced our costs by enough to cover it.

It was like 'Pay as you earn' for employers instead of employees.

Throw in the savings we've made in tax and development grants and I calculate our brand new, ultra-efficient heating system has cost us exactly 17·2 pence.

The price of the phone call."

Colt International Limited.
(Heating, Ventilation and Energy Conservation), Havant, Hants. PO9 2LY.
Telephone: (0705) 451111. Telex: 86219.

EEC attack on East Europe cement imports

BY MICHAEL CASSELL

COMMON MARKET cement manufacturers are combining in an attempt to halt the increasing amounts of cement imports from Eastern Europe.

The EEC liaisoo committee of Cembureau, the trade federation representing all European cement makers, has formed a working party to prepare an anti-dumping case to go before the EEC Competitioo Directorate.

Io order to get imports banned, the working party will have to prove that the East European suppliers are selling at below production cost. The team, now urgeotly considering its case, is headed by Mr Gordon Marshall, Blue Circle Cement's chief executive.

The action follows evidence that cement makers in Poland and East Germany are selling increasing volumes of subsidised cement to West German and UK customers.

The volume to date has been comparatively small but the West European manufacturers' anti-dumping initiative is iotended to kill what is seeo as a growing trade menace.

In the UK, foreign cement sales have been running at only 1 per cent of the market, which last year consumed 12.7m tonnes. There is coocern, however, that the penetratioo could quickly rise, and in preparing their case the British will have to concentrate oo the potential damage to their business.

West German cement imports into the UK have also risen, although British manufacturers can take no actioo against other EEC trading partners.

Rugby Portland results, Page 22.

Rolls in study of 'big thrust' engine

By Michael Donne, Aerospace Correspondent

ROLLS-ROYCE is discussing with the world's airlines and aircraft manufacturers the possible development of a oew "big thrust" aero-engine in the RB-211 series, called the 600.

This engine, on which some work has beeo dooe as part of the continuing development programme of the RB-211, would be aimed at future demand for engines of about 54,000lbs thrust and upwards.

It could be used in aircraft such as the Boeing 747 Jumbo jet, the Boeing 767 twin-engioed aircraft, and the European Airbus A-300 and A-310, or derivatives of them.

It is, in effect, Rolls-Royce's answer to the development of the new Pratt & Whitney PW-4000 Series of engines, of between 48,000lbs and 60,000lbs of thrust announced late last year and the U.S. General Electric CF6-80 series.

Robin Pauley looks at life in the regions

The changing face of Britain

THE NORTH of England has been displaced by Wales as the regional population in the UK eating the most potatoes per head. The Welsh also eat more butter, and are ahead of the national average in consumption of bacon and ham. They also drink the most tea.

Wales has the oldest housing in Britain and, perhaps because of eating habits, has the highest incidence of male deaths from heart disease. Doctors in Wales issue more medial prescriptions per person than in any other region of Britain.

These are among the comparative statistics compiled in Regional Trends*, the Central Statistical Office's (CSO) breakdown of the UK lifestyle, region by region. With two other CSO publications, Social Trends and the General Household Survey, it helps to provide the only comprehensive analysis of the evolving pattern of life in Britain year by year.

The average male manual earnings in the north of England, the highest in Britain between 1975 and 1979, were in third place in 1982 (£148.80 a week). Northerners still eat more bread, cakes, meat, fish and eggs than the rest of Britain, but less milk and cheese.

Population in the north of England fell by more than 1 per cent between 1971 and 1981; those remaining had the highest number of marriages per 1,000 people and could buy homes for an average price of £18,600, the lowest of any region in the UK.

Just over 3 per cent of the area's population live in households headed by someone born in the New Commonwealth or Pakistan. The proportion of pensioners living alone – 31.5 per cent – is the highest in Britain.

The East Midlands population increased by nearly 6 per cent between 1971 and 1981. The average number of pupils per teacher in the region is above 19, the highest in the UK. People in this area drink the most milk and eat the least meat. It has the highest proportion of households with a washing machine (87 per cent).

Nearly a quarter of manufacturing employees in East Anglia work in food, drink and tobacco. East Anglia's population grew by 12 per cent between 1971 and 1981, Britain's largest growth rate, but the population density is still the lowest – only 3 per cent of the UK population live there.

This compares with the north west of England, the most densely populated region with 880 persons per square kilometre.

The south east of England led the 1981 GDP per head table at £4,887. More children stay on at school after the age of 16 in the south east, and the area has the highest proportion of households with a telephone, but one of the lowest with washing machines.

*Regional Trends 1983: HMSO £16.95.

Sharp rise in sales of vans and light trucks

By John Griffiths

COMMERCIAL VEHICLE sales climbed sharply in the first quarter of this year compared with the heavily depressed levels a year ago.

But the recovery was concentrated at the lighter end of the market, for vans and light trucks. There is still no sign of any sizeable upturn for heavy truck makers, who have been hit hardest by recession.

Statistics from the Society of Motor Manufacturers and Traders show a 21.2 per cent increase in all commercial vehicle registrations io the quarter to 71,300 compared with 58,817 io the same period last year.

The recovery accelerated in March, which showed a rise of 27.3 per cent on a year ago at 27,488.

Within last month's total sales of light vans – those derived from cars – were up 35.8 per cent to 8,364; medium and heavy purpose-built vans were up by 40.9 per cent at 11,728 and light four-wheel-drive utility vehicles were up by 83.6 per ceot at 1,278.

Much the biggest beneficiary in the light four-wheel drive sector was Land Rover, whose new One Ten model went on sale for the first time. Its sales jumped to 778 for the month compared with 481 a year earlier.

However, sales of heavy trucks – those exceeding 3.5 tons – showed ao increase of only 3.5 per cent last month at 5,473.

For the quarter, the improvement io heavy trucks is also just under 3.5 per cent, which means that this market is still performing at less than two-third of its pre-recessioo level. The financial position of some smaller truck makers looks increasingly precarious.

Train the employed first, says agency

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

TRAINING and re-training of people who already have jobs should become the first priority of a national adult training strategy, the Manpower Services Commission (MSC) says in a discussion document published yesterday.

This approach reflects a considerable shift in emphasis on the training of adults.

Currently some 75 per cent of people entering the MSC's Training Opportunities Programme (TOPS) courses are unemployed. The number subsequently finding jobs has declined sharply during the recessioo, and there has been growing concern that this form of training is too speculative and vaguely directed.

By contrast, the MSC says in the document that the main and most immediate emphasis of an adult training strategy must be ecooomic.

It says: "This suggests that more effort should be put into training and re-training those already in employment or about to start a new job, rather than into speculative training or training for stock."

"Providing the skills base for an economy which is not only viable but flourishing will be the most practical way to open up more opportunities for unemployed individuals."

The MSC reports: "At present over £200m per annum of public money is spent on training unemployed people under the TOPS scheme but there must be doubt whether all such speculative occupational training for adults is cost-effective in the present economic climate, either in helping them to get jobs or in providing a broad skills foundation that may help them throughout their working life."

The document adds: "Moreover, it is difficult to be certain that public money put at the disposal of employers through national schemes of this kind has secured extra advantages rather than being spent on training that would have taken place anyway."

It points out the moves the MSC is making to establish its 68 skillcentres and 20 annexes on a commercial footing. "The MSC is anxious to make what is offered in skillcentres fully relevant to local requirements and will need views on how best to do so," it says.

Reform of adult training is one of three elements of a New Training Initiative being pursued by the MSC and the Government. The others are to update apprenticeship and provide better vocational preparation for school-leavers.

The number of semi-skilled and unskilled jobs has fallen by 1m in 10 years, and 1m more are expected to disappear by 1990. With quickening technological change, it is likely that in 10 years many people will be using quite different skills in theoretically the same jobs.

The MSC points out: "Our present system of training and associated education simply does not respond swiftly and flexibly enough to growing changes in skill requiremeots."

"An economic upturn oow would make this abundantly clear and reinforce the need to have a training system which assists the changes which are essential to the country's economic recovery."

The MSC is convinced that technology-based learning systems – like its Open Tech programme which will use a variety of teaching techniques – hold the key to making a reality of more flexible training.

Towards an Adult Training Strategy – Manpower Services Commission, Moorfoot, Sheffield, S1 4PQ.

Editorial comment, Page 16

Fast growth for CAD tools

BY RAYMOND SNODDY

COMPUTER-AIDED design (CAD) tools for the electronic engineering industry will be one of the most dynamic growth areas in electronics during the next few years, according to a new report from Strategic Incorporated.

The computer-aided engioeering (CAE) workstations market would grow at 81 per cent a year, and by 1987 the electronic engineering CAD would be a multi-billioo-dollar business, says the report.

The dynamic growth would be caused by the need to bring oew designs to the market in the shortest possible time while minimising errors by extensive automated checking.

CAD tools are becoming mandatory, the report argues, because the number of devices in a very large integrated circuit precludes the hand-draw approach.

Computer-aided engineering offered ooe of the greatest opportunities and challenges for the 1980s. The report says: "Because of the changing oature of the designer community, increasing pressure on manufacturers to use custom or semi-custom circuits, and the availability of low-cost powerful computing systems, the CAE workstations will have a dramatic impact oo the way electronic designs are implemented in future."

By the mid to late 1980s sales of the workstations will be measured in tens of thousands as the price continues to drop.

Strategic Incorporated report, Impact of New CAD Tools on the Integrated Circuit Industry, is available from International Planning Information, Nordre Ringvej 201, 2600 Glostrup Copenhagen, Denmark, at $1,530.

Gold Fields Group

MARCH QUARTERLIES

All companies mentioned are incorporated in the Republic of South Africa.

DRIEFONTEIN CONSOLIDATED LIMITED

ISSUED CAPITAL: 102,000,000 shares of R1 each, fully paid.

	Qtr. ended 31/3/1983	Qtr. ended 31/12/1982	9 months ended 31/3/1983
OPERATING RESULTS:			
Gold – East Driefontein:			
Ore milled (t)	705,000	705,000	2,115,000
Gold produced (kg)	8,366.0	8,483.5	25,413.2
Yield (g/t)	11.9	12.9	12.0
Price received (R/kg)	16,281	15,532	15,303
Revenue (R/t milled)	193.84	187.30	184.36
Cost (R/t milled)	46.90	47.79	47.48
Profit (R/t milled)	146.94	139.51	136.88
Revenue (R000)	136,680	132,049	389,916
Cost (R000)	33,086	33,695	100,416
Profit (R000)	103,594	98,354	289,500
Gold – West Driefontein:			
Ore milled (t)	720,000	720,000	2,160,000
Gold produced (kg)	10,248.0	10,392.0	31,224.0
Yield (g/t)	14.2	14.4	14.5
Price received (R/kg)	16,063	15,652	15,317
Revenue (R/t milled)	229.24	226.33	221.89
Cost (R/t milled)	57.49	54.74	54.83
Profit (R/t milled)	171.75	171.59	167.06
Revenue (R000)	165,051	162,960	479,294
Cost (R000)	41,393	39,417	118,434
Profit (R000)	123,658	123,543	360,860
Uranium Oxide:			
Pulp treated (t)	317,000	316,400	953,000
Oxide produced (kg)	48,988	50,690	158,237
Yield (kg/t)	0.155	0.160	0.166
FINANCIAL RESULTS (R000):			
Working profit: Gold	227,252	221,897	650,360
Profit on sale of Uranium Oxide and Sulphuric Acid	2,624	2,187	9,029
Net tribute royalties and sundry mining revenue	1,447	2,003	5,463
Net mining revenue	231,323	226,087	664,852
Net non-mining revenue (group)	21,360	21,533	61,217
Profit before tax and State's share of profit	252,683	247,620	726,069
Tax and State's share of profit	145,646	137,775	422,907
Profit after tax and State's share of profit	107,037	109,845	303,162
Capital expenditure	28,820	30,331	78,041
Dividend	—	107,100	107,100
Loan levy refund (1976)	16,568	—	16,568

DIVIDEND: A dividend (No. 19) of 105 cents (60.35523p) per share was declared on 7 December 1982 and was paid to members on 9 February 1983.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 March 1983 was R300.8 million.

SHAFTS:

No. 4 Shaft – E: Equipping of the headgear, erection of other surface structures and installation of equipment are in progress.

No. 4 Sub-Vertical Shaft – E: The shaft was sunk 83 metres to a depth of 798 metres below collar. The excavation of 40 Level station has commenced.

No. 5 Shaft – E: The shaft was sunk 149 metres to a depth of 1,112 metres below collar. Progress has been delayed by large quantities of water intersected during cover drilling.

No. 5 Sub-Vertical Shaft – E: Excavation of the hoist chambers is continuing.

No. 6 Tertiary Shaft – W: Sliping of the headgear portion between 24 and 26 Levels and raise-boring of the shaft between 28 and 30 Levels are in progress.

No. 7 Shaft – W: Equipping of the headgear, erection of other surface structures and installation of equipment are in progress.

On behalf of the board
R. A. Plumbridge
C. T. Fenton } Directors

11 April 1983

LIBANON GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 7,937,300 shares of R1 each, fully paid.

	Qtr. ended 31/3/1983	Qtr. ended 31/12/1982	9 months ended 31/3/1983
OPERATING RESULTS:			
Gold:			
Ore milled (t)	420,000	420,000	1,260,000
Gold produced (kg)	2,548.0	2,660.0	7,921.6
Yield (g/t)	6.1	6.3	6.3
Price received (R/kg)	16,103	15,535	15,176
Revenue (R/t milled)	97.98	98.62	95.64
Cost (R/t milled)	48.00	46.77	46.70
Profit (R/t milled)	49.98	51.85	48.94
Revenue (R000)	41,153	41,421	120,579
Cost (R000)	20,160	19,644	58,844
Profit (R000)	20,993	21,777	61,666
FINANCIAL RESULTS (R000):			
Working profit: Gold	20,993	21,777	61,666
Net sundry revenue	2,524	2,792	7,610
Profit before tax and State's share of profit	23,517	24,569	69,276
Tax and State's share of profit	8,068	7,922	23,175
Profit after tax and State's share of profit	15,449	16,647	46,101
Capital expenditure	8,839	9,454	25,959
Dividend	—	8,731	8,731
Loan levy refund (1976)	496	—	496

DIVIDEND: A dividend (No. 64) of 110 cents (63.22929p) per share was declared on 7 December 1982 and was paid to members on 9 February 1983.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 March 1983 was R126.5 million.

SHAFTS:

No. 4 Shaft: The shaft was sunk 332 metres to a depth of 856 metres below collar.

No. 4 Sub-Vertical Shaft: The hoists have been commissioned and work is proceeding on the provision of services to the levels in preparation for development.

On behalf of the board
P. R. Janisch
C. T. Fenton } Directors

11 April 1983

DOORNFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 10,000,000 shares of R1 each, fully paid.

	Qtr. ended 31/3/1983	Qtr. ended 31/12/1982	9 months ended 31/3/1983
OPERATING RESULTS:			
Gold:			
Ore milled (t)	366,000	366,000	1,098,000
Gold produced (kg)	2,403.4	2,467.9	7,494.3
Yield (g/t)	6.6	6.7	6.8
Price received (R/kg)	16,165	15,541	15,263
Revenue (R/t milled)	106.41	104.98	104.37
Cost (R/t milled)	60.28	58.78	59.37
Profit (R/t milled)	46.13	46.20	45.00
Revenue (R000)	38,947	38,423	114,604
Cost (R000)	22,063	21,513	65,189
Profit (R000)	16,884	16,910	49,415
FINANCIAL RESULTS (R000):			
Working profit: Gold	16,884	16,910	49,415
Net sundry revenue	2,869	3,005	8,568
Profit before tax and State's share of profit	19,753	19,915	58,001
Tax and State's share of profit	6,415	5,331	18,597
Profit after tax and State's share of profit	13,338	14,584	39,404
Capital expenditure	7,419	8,636	22,007
Dividend	—	8,000	8,000
Loan levy refund (1976)	1,020	—	1,020

DIVIDEND: A dividend (No. 52) of 80 cents (45.98494p) per share was declared on 7 December 1982 and was paid to members on 9 February 1983.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 March 1983 was R110.8 million.

SHAFTS:

No. 3 Shaft: The shaft was sunk 242 metres to a depth of 1,393 metres below collar.

No. 3 Sub-Vertical Shaft: Reaming of the section of the shaft between 33 and 35 Levels is in progress, and excavation of the chambers for the man winder, rock winder and sheaves is continuing.

No. 3 Sub-Vertical Ventilation Shaft: The shaft was sunk 120 metres to a depth of 142 metres below collar.

On behalf of the board
C. T. Fenton
P. R. Janisch } Directors

11 April 1983

VLAKFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 6,000,000 shares of 70 cents each, fully paid.

	Qtr. ended 31/3/1983	Qtr. ended 31/12/1982	9 months ended 31/3/1983
OPERATING RESULTS:			
Gold:			
Ore milled:			
from surface dumps (t)	82,320	109,843	283,597
from outside sources (t)	112,680	85,157	292,403
total milled (t)	195,000	195,000	576,000
Gold produced (kg)	254.7	230.7	749.5
Yield (g/t)	1.3	1.2	1.3
Price received (R/kg)	16,302	15,422	15,213
Revenue (R/t milled)	21.34	18.28	19.83
Working cost (R/t milled)	11.33	10.60	10.81
Rock purchased (R/t milled)	3.64	2.88	3.30
Profit (R/t milled)	6.37	4.80	5.72
Revenue (R000)	4,161	3,565	11,423
Working cost (R000)	2,210	2,067	6,224
Rock purchased (R000)	709	562	1,903
Profit (R000)	1,242	936	3,296
FINANCIAL RESULTS (R000):			
Working profit: Gold	1,242	936	3,296
Net sundry revenue	499	546	1,565
Profit before tax	1,741	1,482	4,861
Tax:			
Formula tax	906	687	2,419
Non-mining tax	135	141	392
Excess recoupments tax	46	4	51
Profit after tax	654	650	1,999
Net recoupments of surface capital expenditure	93	19	104
Dividend	—	900	900
Loan levy refund (1976)	30	—	30

DIVIDEND: A dividend (No. 76) of 15 cents (8.62218p) per share was declared on 7 December 1982 and was paid to members on 9 February 1983.

CAPITAL EXPENDITURE: There were no capital expenditure commitments at 31 March 1983.

On behalf of the board
P. R. Janisch
C. T. Fenton } Directors

11 April 1983

VENTERSPOST GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 5,050,000 shares of R1 each, fully paid.

	Qtr. ended 31/3/1983	Qtr. ended 31/12/1982	9 months ended 31/3/1983
OPERATING RESULTS:			
Gold:			
Ore milled (t)	372,000	375,000	1,111,000
Gold produced (kg)	1,510.9	1,612.3	4,733.2
Yield (g/t)	4.1	4.3	4.3
Price received (R/kg)	16,259	15,506	15,350
Revenue (R/t milled)	66.21	66.83	65.56
Cost (R/t milled)	52.94	51.59	52.06
Profit (R/t milled)	13.27	15.24	13.50
Revenue (R000)	24,630	25,061	72,842
Cost (R000)	19,694	19,346	57,837
Profit (R000)	4,936	5,715	15,005
FINANCIAL RESULTS (R000):			
Working profit: Gold	4,936	5,715	15,005
Profit on sale of pyrite	189	96	349
Net sundry revenue	1,638	1,207	3,737
Profit before tax	6,763	7,018	19,091
Tax	1,839	2,247	5,591
Profit after tax	4,924	4,771	13,500
Capital expenditure	1,425	1,158	3,573
Dividend	—	3,030	3,030
Loan levy refund (1976)	51	—	51

PRODUCTION: A fire was detected on 15 January 1983 on 27 Level in relatively high grade Ventersdorp Contact Reef stopes at No. 3 Tertiary Shaft. The affected stopes were sealed off and this brought about reductions in both tonnage milled and stoping grade. A claim for loss of profits has been lodged with the company's insurers.

DIVIDEND: A dividend (No. 85) of 60 cents (34.48870p) per share was declared on 7 December 1982 and was paid to members on 9 February 1983.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 March 1983 was R11.1 million.

On behalf of the board
P. R. Janisch
C. T. Fenton } Directors

11 April 1983

KLOOF GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 30,240,000 shares of R1 each, fully paid.

	Qtr. ended 31/3/1983	Qtr. ended 31/12/1982	9 months ended 31/3/1983
OPERATING RESULTS:			
Gold:			
Ore milled (t)	480,000	500,000	1,445,000
Gold produced (kg)	7,296.0	7,550.0	21,850.0
Yield (g/t)	15.2	15.1	15.1
Price received (R/kg)	16,387	15,553	15,384
Revenue (R/t milled)	250.11	235.46	232.97
Cost (R/t milled)	66.40	61.90	64.11
Profit (R/t milled)	183.71	173.56	168.86
Revenue (R000)	120,052	117,729	336,646
Cost (R000)	31,871	30,950	92,635
Profit (R000)	88,181	86,779	244,011
FINANCIAL RESULTS (R000):			
Working profit: Gold	88,181	86,779	244,011
Recovery under loss of profits insurance	—	279	3,200
Net sundry revenue	6,972	6,476	19,191
Profit before tax and State's share of profit	95,153	93,534	266,402
Tax and State's share of profit	53,655	51,813	148,703
Profit after tax and State's share of profit	41,498	41,721	117,699
Capital expenditure	12,420	13,854	36,956
Dividend	—	39,312	39,312
Loan levy refund (1976)	771	—	771

PRODUCTION: On 21 February 1983 a fire broke out in the vicinity of 24-27 cross-cut. This caused mining operations to be suspended in the 27 Longwall and the scattered mining areas north of No. 1 Shaft. Although the fire is still burning, it is sufficiently under control to enable operations to continue in the rest of the mine. A claim for loss of profits is being lodged with the company's insurers.

DIVIDEND: A dividend (No. 26) of 130 cents (74.72553p) per share was declared on 7 December 1982 and was paid to members on 9 February 1983

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 March 1983 was R176.1 million.

SHAFTS:

No. 3 Sub-Vertical Shaft: The shaft was sunk 180 metres to a depth of 1,361 metres below collar. Development of 41 Level station has been completed.

No. 3 Sub-Vertical Ventilation Shaft: Sliping of the cooling tower immediately below the shaft has been completed and support work is in progress.

No. 4 Shaft: The shaft site has been levelled and preliminary sinking has commenced.

No. 4 Ventilation Shaft: Full-scale sinking operations were commenced and the shaft was sunk 94 metres to a depth of 127 metres below collar.

On behalf of the board
C. T. Fenton
P. R. Janisch } Directors

11 April 1983

DEELKRAAL GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 99,540,000 shares of 20 cents each, fully paid.

	Qtr. ended 31/3/1983	Qtr. ended 31/12/1982	9 months ended 31/3/1983
OPERATING RESULTS:			
Gold:			
Ore milled (t)	360,000	360,000	1,065,000
Gold produced (kg)	1,596.0	1,799.4	5,185.7
Yield (g/t)	4.4	5.0	4.9
Price received (R/kg)	16,196	15,494	15,219
Revenue (R/t milled)	72.09	77.67	74.34
Cost (R/t milled)	51.15	49.63	50.33
Profit (R/t milled)	20.94	28.04	24.01
Revenue (R000)	25,953	27,963	79,168
Cost (R000)	18,414	17,868	53,598
Profit (R000)	7,539	10,095	25,570
FINANCIAL RESULTS (R000):			
Working profit: Gold	7,539	10,095	25,570
Net sundry revenue	1,346	1,244	3,455
Total Profit	8,885	11,339	29,025
*Capital expenditure	3,206	4,132	12,478
Loan levy refund (1976)	122	—	122

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 March 1983 was R28.1 million.

NO. 1 SUB-VERTICAL SHAFT: The shaft was deepened 5 metres to a depth of 579 metres below collar. Development towards the rock pass system on 25 Level is in progress.

On behalf of the board
C. T. Fenton
P. R. Janisch } Directors

11 April 1983

NOTE: Copies may be obtained from the United Kingdom Registrar: Hill Samuel Registrars Limited, 6 Greencoat Place, London, SW1P 1PL.

TECHNOLOGY

EDITED BY ALAN CANE

HOW HERTZ SAVES MONEY ON COMPUTING

Bureau business still blooms

BY ALAN CANE

HERTZ EUROPE, a significant part of the world's largest car rental group, wanted to save money on its computing. Scicon, the UK's largest computer services company, wanted to break into new markets.

The result was an elegant variation on the facilities management theme which is now saving Hertz, at a conservative estimate, more than £250,000 a year, and which has opened Scicon's door to the lucrative IBM bureau business.

Facilities management (FM) has become a speciality for some computer services organisations, notably Hoskyns, which claims more FM deals in the UK than any other company.

As practised by these companies, it usually means, for a fee, taking over the running of a client's computer centre. The computer remains the property of the client. Full responsibility for the computer and its performance rests with the computer services company.

The Hertz deal is quite different. The computer it is using — an IBM 4341 medium-sized mainframe — is owned by Scicon and operated from its Milton Keynes computer centre. The software which runs on the machine belongs to Hertz — written by the rental firm specifically for its own corporate needs.

Scicon is, in fact, managing Hertz's software facilities; in other respects the deal is a pure computer bureau operation — bnt at a fixed price.

What makes the deal of special interest is Hertz's size—its revenues were more than $1.5bn in 1982 — its almost total dependence on compnters and its sophistication in data processing.

Its director of management systems and services for Europe, Mr Jonathan Chapple, formerly management services director

for Thomas Cook, is one of the new breed of systems supremos who wears the hats of data processing director and telecommunications director simultaneously.

Its world-wide data processing centre in Oklahoma City bouses two separate systems — an IBM operation for mass file storage and a Sperry operation for reservations. Two transatlantic lines run from the UK to Oklahoma City; the group is thinking of installing a third to reduce its vulnerability to system failure.

The company already makes extensive use of external compnters. Modelling and analysis work is carried out on en Amdahl mainframe owned by the U.S. bureau NCSS. And monthly results from Hertz world-wide subsidiaries are consolidated over the Geisco Mark III computer network.

In Europe, the company operates a distributed computing system. Central accounting is handled by the Scicon IBM — each country has its own Texas Instruments minicomputers to carry out local processing.

The complication is that customers for car rental are billed in their country of origin, which means that the country subsidiaries have to operate a system called Euroswop — European debt swapping to reconcile their financial differences.

Why does Hertz need the central IBM? It has files on some 70,000 customers in Europe held on the 4341 and used to keep the U.S. customer file—with its 8m individual records—up to date.

It also bandles centralised customar accounting—the beart of the Euroswap operation—and so runs the local receivables system for Hertz.

Mr Chapple says: "The nama of the game is receivables control. This is wbat it is all about. If you do it well, you are well ahead—do it badly, and you are dead."

Hertz used to use a bureau service from BOC Datasolve as it was then (it bas since been taken over by Thorn EMI). The problem was how to keep a lid on costs as volume of transactions expanded.

At the same time, Scicon, which had operated a burean business based on Sperry machines for many years was looking for a way into the IBM market place—where most of the UK's bureau business is to be found.

It offered Hertz dedicated use of an IBM 4341 for a fixed fee of ebout £300,000 a year if the rental company would allow it to use and sell extra capacity *on a bureau basis.*

Why did Hertz accept? First, the price. Mr Chapple points out: "It is simply very cost-effective. We are paying about half the cost of the other service for unlimited use of the machine.

Second, it frees Mr Chapple and his (quite small) team from the chores of day to day operations management to concentrate on strategic issues and planning.

"This philosophy at Hertz is that resources should be channelled into getting the systems rigbt and planning for the future. That is a full-time job without all the hassle of running a computer centre."

Third, it offers security which Hertz could not have provided without major changes. Scicon operates all the security measures expected of a large bureau including protection against lost or muddled files througb to defences against terrorism.

And fourth, it fitted Hertz' data processing strategy. Unusually these days, the company is recentralising, bringing applications that are presently running on the country TI minis back onto the mainframe, starting with France, Hertz's first subsidiary in Europe.

"We decided to distribute mini compnter power in 1978," Mr Chapple says: "When IBM launcbed the 4300 series it knocked such boles in the arguments for distributed processing thet we decided to think again."

But there is still a need for local processing when the customer brings the car back and wants to see an itemised bill.

Hertz uses small Olivetti TC800 microcomputers in a system called Antocheck which assimilates the rental agreement, adds the rental data and computes the final bill—all on a video screen so the customer can check every detail. Eventually these will be used to put transaction details directly into the system.

VIDEO AND FILM BY JOHN CHITTOCK

Soccer vandals look to TV

IF TOP league soccer vanishes from British television screens on Saturdays and moves on to *the video screens of pubs on* Mondays—now a prospect—the football hooligans will have a new way of inflicting damage. The screens used in many video projectors are usually finished with a metallised surface, highly susceptible to handling. Even conventional silver painted screens are not resistant to beer slops, and cinema managers all over the country can testify that the silver screen is a favourite target for all kinds of unsavoury missiles.

The closer proximity of a video screen in a pub will provide an inescapable temptation, no doubt. But if that is not problem enough, the screen-makers are forever conducting their own technical battle in improving the performance of screens.

An efficient cinema or video screen needs to be much more sophisticated than a white bed sheet suspended at the corners. Not only must it be free of *wrinkles—which on the span of* 100 ft found in et least one of the world's cinemas poses quite an engineering problem; it must be also a highly efficient reflector returning to the audience as much as possible of the original light from the projector.

Yet "reflector" is hardly the right word, because the screen surface must also diffuse the incident light in order to form an image, and disperse its light evenly so that every viewer in the audience sees a picture free of hot spots or dark corners.

With video screens there are additional problems. Most video projection systems use three separate imeges—red, green and blue—which converge in register on the screen to yield a full colour picture. If the geometry of the screen is not carefully matched to the installation, variations in registration may occur—causing colour fringing.

Video projection and the daylight use of tape/slide programmes has boosted activity in the development of screen technology. What everyone wants, of course, is a screen that will reflect back—evenly at all viewing angles—all of the light that the projector is throwing on it; but, at the same time, the screen must not reflect back ambient lighting from the rest of the room (a miracle achieved in some measure by using tinted materials for the screen and highly directional reflecting surfaces).

Screen-makers thus have an extraordinarily difficult balancing act to perform. It is rather gratifying to put on the record that one of the world leaders is a British company—Harkness Screens—who are probably the biggest suppliers of cinema screens worldwide. From white painted screens to silver screens the company progressed, in the past 50 years, to developing the Perlux plastic screen—with gain (viz. light collecting efficiency) comparable to a silver screen but without the severe fall off in brightness at oblique viewing angles that occurs with silver.

Problem

Recent activity in the cinema, however, has posed a problem for the Perlux screen. It is that word 3D again. The conventionally used system of 3D cinema projection — now undergoing a revival—relies on polarised light from the projectors (and Polaroid viewing spectacles). But the plastic surface of a Perlux screen has tha unfortunate effect of depolarising the incident light from the projectors, so that cinemas using 3D must now instal metallised (e.g. silver) screens.

Harkness have recently developed a new silver screen for this purpose, Spectral 2000, which they claim has the gain and angular characteristics of Perlux. This screen makes its own premiere on Friday May 13 in London at the premiere of the new film *Friday 13th Part III.*

An even bigger premiere for Harkness occurs in June with the opening of the National Museum of Photography, Film end Television in Bradford. This exciting venture will provide Britain not only with its first integrated showplace for the media, but also its first Imax installation.

Imax system

From Canada, Imax is the spectacular film projection system first seen at the Osaka Expo in 1970. It uses 70 mm wide film not uncommon to commercial cinemas, but in an horizontal configuration so that the transverse film can provide a frame size that is both higher and wider. The Imax projector likewise runs the film horizontally, thus yielding bigger, brighter and sharper pictures than ever before experienced in the conventional cinema.

For Harkness, Imax has been good business, providing a demand for massive screens in specially built auditoria. The Bradford installation is a little smaller than many—a mere 62 ft wide by 45 ft high. On raked seating, this will almost *envelop the audience* with a cinematic experience that makes dim, fuzzy video projection seem very crude indeed.

The problem with video projection is that, bowever efficient the screens, they can never provide a picture brighter than the original light source in the projector. In most video systems, this light source is a cathode ray tube—as in a domestic TV set: and cathode ray tubes have severe limitations on how hard they can be driven to yield brighter pictures (the picture quality also suffers in consequence and the level of X-radiation can rise to unacceptable levels).

Better design

It is probable that no more efficiency can be squeezed out of the video screen, and the only scope for improvement is in the design of the aetual projectors. The superb Eidophor, which costs more to buy than a small fleet of Rolls-Royces, long ago showed one answer by abandoning the cathode ray tube—using instead a very elaborate liquid refracting system, controlled by the TV signal, to modulate bigh intensity light sources.

This Swiss system could be ehallenged soon by e small British company — Dwight Cavendish—who have developed a video projection system based on the modulation of e laser beam. A single ion laser passes through a three-way beam splitter—where each path is separately modulated and coloured with the appropriete red, green and blne signals—before recombining as a single, full colour beam.

This beam is projected on to the screen, at appropirate intensity, in a scanning pattern which reconstructs the original TV picture. The system could promise very bright, high resolution pictures so that video projection can et last seriously compete with the film projector. No doubt it will stimulate new ideas for screen surfaces—so the future for companies like Harkness could be bright, big, wide and silver-lined.

Sawing

Wood cutting

FORESTOR, the Hampshire company specialising in the design and manufacture of equipment for wood cutting, has designed a tractor mounted sawbench for ripping or cross cutting logs. Details of the unit which costs £819.50, are available from the company at Bloswood Lane, Hants (025682 2280).

Printer

Electrostatic plotter

VERSATEC, a Xerox subsidiary, has launched a full colour electrostatic printer plotter which it says is the first of its kind in the world.

Aimed at the computer graphics market the new model can prodnce a full colour A4 size drawing in eight minutes, or a black and white plot in less than 90 seconds. The resolution of the system is 40,000 points per square inch. More on 0635 42421.

Magnetics

High density data cartridge

DATA ELECTRONICS' ¼ in magnetic tape data cartridge capable of high density 6400 bit per inch recording is now available from CPU Peripherals based at Shepperton, Middlesex. The model 300671 has a capacity of more than 17 megabytes of data and is aimed at the small business and data acquisition market.

The company says that it is the first fully tested and certified ¼ in cartridge on the market. More information of the system is available from Walton on Thames 46433.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Funding for innovations at an early stage is becoming more readily available. Tim Dickson reports on two examples

U.S. technology opens the gate to wider markets

"THE £1.3m of new capital was admittedly a lot in anybody's book. But it seemed much easier getting hold of the money second time round than when I was trying to get started five years ago."

Looking back on his company's cash-raising exercise in the middle of 1982 Peter Barnwell's comments reflect as much the increased supply of venture capital in the UK since 1978 as the perennial difficulties facing entrepreneurs without a track record.

But to be fair to those who backed him the progress of his company, Corintech, has been highly impressive and the project for which they recently made available new funds looks exciting to say the least.

Corintech is primarily a designer and manufacturer of thick film hybrid micro circuits —microchips known as "hybrids" because they bring together semiconductors and thick film technology.

Components are assembled onto a ceramic based circuit made with a screen printing process at the company's Fordingbridge site in Hampshire. This produces a tiny integrated circuit which, in spite of its size, performs all the functions of a standard printed circuit board. "Hybrids" are used in a wide range of industrial, telecommunications and military applications and are distinguishable by their extreme flexibility and versatility.

There is, however, nothing new about hybrids and there are plenty of competitors—parts of Racal, Plessey and Marconi to name but three. The independent Corintech, on the other hand, has made its mark by producing short and medium sized runs which the large "in house" operations traditionally have been reluctant to take on. (The recession has forced some big suppliers to come down market in this respect but Barnwell is confident that they will disappear when the good times return).

He explains, meanwhile, that Corintech's is a "custom" service—the emphasis is on solving a customer's problem, not supplying stock off the shelf.

The result has been growth in turnover from £200,000 in 1979 to £900,000 last year. But the problem, as the company's founder sees it, is that Corintech's fortunes rest on too narrow a product base—further rapid expansion in "hybrids," moreover, could jeopardise the current advantages of flexibility and a low fixed cost base.

The current plan is thus to establish a UK based operation making semi-custom integrated circuits of the gate array type—a worldwide market which Barnwell, whose previous careers include lecturing and an executive post with the quoted technology company, Eurotherm, sees expanding rapidly in the next few years.

The advantage of gate arrays is that they provide a standard array of circuit elements—anything from 60 to 1,800 plus "gates"—which can be applied universally and can thus be manufactured relatively cheaply in large volumes. Even a market penetration of 2 per cent of the estimated £250m European market, for example, will allow Corintech to meet its target of £5m of annual sales by 1986.

Although exciting, the project is bound to be high risk and involves Corintech licensing technology developed by California Devices, a San Jose Corporation also founded in 1978, and investing heavily in new equipment. The rewards should be the ability to service the sort of customers which his big competitors neglect with a far wider range of technology than Corintech can call on at the moment.

"What we do" explains Barnwell, "is take a standard array and design the interconnect which makes it do a job. We are now able to take on contracts which were not viable with a hybrid and, most important, we will be able to combine them with a hybrid to form small but powerful digital/analogue packages."

Hugh Routledge

Peter Barnwell with the design of a gate array integrated circuit on a Calma design station, the investment in which was funded by Barclays Bank, Murray Technology and the Department of Industry

At the outset, adds Barnwell, "we thought there would be a certain amount of synergy (with existing hybrids), representing 30 per cent of our work. But so far it is proving greater than expected and a lot of existing customers are showing keen interest."

The deal with California Devices and the investment in new equipment—most notably a Calma computer-aided design facility which is really a glorified electronic drawing board—was funded from three sources. Barclays Bank and Murray Technology, a Glasgow-based investment trust which made a £200,000 investmentment in Corintech in 1980, each contributed £0.5m while the Department of Industry put in £0.3m under the microelectronics industry support scheme.

"The only problem," recalls Barnwell, "was persuading people that the company needs as much as this. If we are lucky we won't but this is a very competitive business and we can't count on it."

Certainly Murray Johnstone, which manages Murray Technology, is pleased by the results so far. Judging by the valuations in the investment company's last annual report, Corintech is currently the star in the unquoted section of its portfolio. Appropriately enough too since Barnwell was invited in 1981 to sit on the board of Murray Technology.

Cutting loose from research

IMAGINE a high pressure water jet that rips through rubber like a knife through butter. Bear in mind too that its cutting edge is so ferocious—thanks largely to a cheap copper slag abrasive—that it will drill through reinforced concrete and a whole host of other tough materials besides.

Just such an invention is the basis of Fluid Engineering Products, a recently formed company which is an unusual partnership between the British Hydro-mechanics Research Association, an industrial research group, and English and Caledonian, a hitherto low key venture capital organisation.

FEP is at a very early stage of development—its prototype, for instance, is still being converted into a production model—but according to managing director, Stuart Latta, assembly is expected to commence in June following the company's imminent move from the campus at Cranfield Business School, Bedfordshire, to nearby Milton Keynes.

The story of how FEP was formed offers an encouraging example of risk finance being harnessed to exploit the work of research scientists. Moreover, the project represents a new and ambitious departure from the BHRA's normal practice.

Set up some 37 years ago, the BHRA is an independent non-profit making body which concentrates on all aspects of fluid engineering research. It has 250 members covering a wide variety of industries but subscriptions at £500 to £1,000 a time account for a mere 2 per cent of total income.

The rest comes from the sale of the association's range of services (largely sub-contract R and D) and the fruits of general research funded by the likes of the Department of Industry and the British Technology Group (BTG).

"We live off our wits," observes Donald Bain, head of BHRA's group marketing development.

"Normally when we find a new application we go to the BTG to raise some risk finance and apply for a patent. The chances are at this stage we have no idea whether the idea is technically or commercially viable so we build a working model to find out. If it seems to make sense we usually get a company to buy the licence and take the product on to the next stage."

Stuart Latta: "FEP has worldwide potential."

BHRA has been working on high pressure jetting technology since the early 1970s but when around three years ago its staff developed a cutting head of such considerable power and effectiveness the idea started to take root that for the first time it might capitalise on the results itself.

"We came to the conclusion," explains Bain, "that there are a wide number of applications for this type of equipment. There is clearly a big safety advantage in being able to use water jets for cutting materials where there is the danger of an explosion."

Adds Latta, a former executive with Ransome Hoffman Pollard (now RHP), the bearings and electrical products manufacturer, who was hired to direct operations, "We believe that there is worldwide potential in the mining, foundry, glass and contracting industries, to name but a few, as well as in the emergency services field. There are very few companies in the high pressure water business dealing with all the customers we think might be interested."

With money the most immediate problem six venture capital funds were approached at the end of last year. Three made firm offers but English and Caledonian was chosen, says Bain, "because we felt that they had most to offer besides cash in the way of management support and advice."

E and C, which put up £180,000 for its 47 per cent stake in FEP and a further £70,000 in the form of a medium term loan, was set up two years ago this month to find expanding private companies with the ambition and potential to get an Unlisted Securities Market quotation. Most of E and C's shares are held by pension funds managed by Gartmore but a significant stake is also held by Scottish United Investors, an investment trust.

Managed by John Parkin, an industrialist, E and C has now invested about half its £5m of available funds in five companies.

Parkin stresses that E and C neither demands fees nor expects dividend payments on equity stakes, preferring to wait until companies in its portfolio get a USM quotation.

There are, of course, many hurdles to jump before FEP reaches such dizzy heights. "The current strategy is to refine a machine with which we can first attack the contractors' market," says Latta, whose main tasks at the moment are recruitment and overseeing product development. "Having got a standard machine, which will sell at roughly £15,000, the idea is to develop specific applications which demand a higher engineering input."

On the move from Cranfield to Milton Keynes Latta remarks: "It is vital to be near our main R and D base but not actually on top of it. The important thing about our agreement with Milton Keynes Development Corporation is that there is plenty of scope to expand from our initial 5,000 square feet unit to bigger premises."

Fixed capital costs will be kept to a minimum with much of the machining sub-contracted to outside firms "We will be a design, assembly and marketing operation," says Latta emphatically. "The BHRA has used the prototype for one or two day demonstrations but our customers will want a product that works all year round."

Financial controls, of course, are vital to any new business and internal accounting procedures have been set up by FEP's part time company secretary—a retired accountant recommended by its financial advisers Thornton Baker.

E and C's Parkin, meanwhile, attends monthly board meetings, and, says Latta, "he keeps us up to the mark on our timetable and asks some very useful questions."

In brief...

MANY SMALL businesses are beginning to recover from the effects of the economic recession, according to a recently completed survey. Two out of three businessmen polled said that they believed the next four months would be better for them and more than half forecast that turnover and profits would increase in real terms in the next half year.

The survey, carried out by Market Research Enterprises, also indicated improved prospects on the jobs front. More than a quarter of respondents said they expected to take on more staff this year. In contrast, only 8 per cent expected to have to cut back their workforces.

Around 75 per cent said they would like to see import controls imposed to aid the UK's industrial recovery. About the same number placed the blame for the UK being priced out of world markets on "excessive" wage increases, while about a half reckoned wage control made sound economic sense.

The survey, carried out for British Telecom's Europages, also revealed mixed feelings among small businessmen about the extent to which Britain had benefited from membership of the EEC.

●

ALTHOUGH the Companies Act 1981 allowed some concessions to help small companies in respect of information required for accounts filed with the Registrar of Companies, complicated new accounting rules were introduced for those full audited accounts required for shareholders.

Guidelines for implementing these accounting requirements are contained in a new publication from the Institute of Chartered Accountants in England and Wales called "Companies Act: The Effect on Small Company Accounts." By using colour printing and example accounts, the publication illustrates the general appearance and content of accounts, together with information that may be omitted from "modified" accounts. Available from the Institute, Publications Department, P.O. Box 433, Chartered Accountants' Hall, Moorgate Place, London EC2P 2BJ, price £5.95.

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Our British made catering and domestic waste compactor has incredible potential in untapped markets, i.e. restaurants, pubs, cafes, take-aways, clubs, canteens, hotels, guest houses, etc, etc. Many distributors have already been appointed and are now beginning to realise this potential. Some areas are still available. Distributors would be required to organise and promote sales within their own area and be prepared to make an initial small stocking commitment.

Machine details: $2\frac{1}{2}$ tonnes compaction force, electric drive from 13 amp plug. Amazing compaction ratio up to 80%. Compacted package size 11in x 16in x 11in. Machine size 33in high x 16in wide x 24in deep. Sells £343.00 plus VAT.

EXPORT ENQUIRIES INVITED

For further details write or phone:

VOMASTER PRODS. LTD.
461 London Road, High Wycombe
Bucks - Tel: (0494) 22384

INCREASE EFFICIENCY & GAIN PRESTIGE

Executrade Centres have the modern answer to all your business and communication problems. We have every facility that any business could require, and we will provide for you totally free and without obligation a tailor made plan for your organisation. Interested? Find out more now.

Write or call:
Nigel Gibbons,
Executrade Centres Ltd.,
Asphalte House,
Palace Street,
London SW1E 5HS.
Tel: 01-828 4377.
Telex: 913081.

Executrade Centres

BUSINESS OPPORTUNITIES

A small private limited company in the airfield and road maintenance business, requires capital/investment to expand operations, with a healthy forward order book. An exclusive agreement with an internationally known German company of high repute, allows entry into specialised work at home and overseas on civilian and military airfields, commencing April 1983 and continuing thereafter. The company has shown profitability for the past five years.

For further details in strictest confidence write Box F3968
Financial Times
10 Cannon Street, EC4P 4BY

QUICK

A fast growing N.Y. computer development firm has a major hardware product to bring to the U.K. banking markets. This product is extremely successful in N.Y. and the U.S. London has a bigger need.

We are going to set up a London operation fast. The sales should easily reach $8,000,000 in the second year. Significant sales will be made in the first year. Our choices are to open cold—find the staff, space, and assembly facilities, by ourselves or . . .

We are looking for an organisation, or group to work with us to do:

- Marketing
- Sales
- Some digital and Video Engineering
- Assembly and Testing
- Installation
- Maintenance

There are minor financing needs—less than $150,000 . . . If you can handle the "or . . ." and want to play a significant role in the development of our business please reply, Air Post to:

President
BOX GP-781, 12th Floor
380 Lexington Avenue
New York, N.Y. 10017, U.S.A.
An equal opportunity employer.

Readers are recommended to take appropriate professional advice before entering into commitments

---

ARROW SHIRTS

Half the men in the U.S.A. wear Arrow shirts. They will soon be produced in the U.K. by one of the leading manufacturers in Great Britain in three sleeve lengths.

All enquiries, please write to:—
THE SAVILE ROW SHIRT CO.
25, Savile Row, London W1.

PROJECT MANAGEMENT

Project Management Company required to oversee construction project in Home Counties to include contract management, architectural, engineering, sales, legal etc. services.

Write Box F3947, Financial Times
10 Cannon Street, London EC4P 4BY

BIBA BROKERAGE

For sale or would consider a merger. A brokerage of the highest possible quality, based in North London with clientele covering London and Home Counties. Fire and Accident commission income £80,000; Life Renewal commission income £8,000. Price required £275,000.

Please write in first instance to Box G8610, Financial Times
10 Cannon Street, London EC4P 4BY

for the attention of The Chairman. Enquiries are invited from principals only and all letters will be treated with the strictest confidence.

CAPITAL GAINS TAX ROLLOVER

Investment opportunity available up to maximum £800,000 in grade one agricultural land with take our in 5 years. Established vendor willing to operate partnership scheme during this period and therefore maintain vacant possession value giving earned income relief.

Apply to:
ROYTHORNE & CO.
Solicitors
Pinchbeck Road
Spalding, Lincs.
Tel: 0775 4141
Clients Reference 483

A unique Swiss-American Investment Formula tailored for you.

Invest in the world's most stable country — buy a $ 20000 share in a **prime US-office building.**

Reinvest the dividend in a **firstclass** policy of any **Swiss Life Insurance.**

For particulars write to:

COMMERZ + FINANZ AG
Business- and Real Estate Consulting
Finance Company, Fiduciary Mandates
Schützengasse 3, CH-8023 Zürich
Tel. (01) 211 24 86. Telex 813 181 cofi ch

commerz finanz ag

WE ARE QUANTITY CASH BUYERS of NEW/USED SURPLUS TRUCKS, BUSES & COACHES

Contact Mr Alan Sykes
PAUL SYKES ORGANISATION LTD
Wakefield Road, Barnsley
South Yorks S71 1LE
Tel: (0226) 89311 or 43535
Telex: 54393 SKYORG G

SPANISH OPPORTUNITY

Financial partner required, £30,000 capital, to support development of a business marketing Spanish real estate in the U.K. This is now a very active and profitable field with potential customers and worthwhile property readily available.

Write Box F3958, Financial Times
10 Cannon Street, London EC4P 4BY

BRUSHES

Sole UK distributors of all types Domestic Brushware exported by Prago Export, Prague.

Enquiries welcomed from genuine wholesale trade.

O. ELLIOTT LTD.
5 Chalk Farm Road
London NW1 8AD
Tel: 01-267 0171 Telex: 21336

GRP/Fibreglass Moulding

Respected and technically superior moulding company seeks customers. Spray, contact, resinject, cold press and composite processes "in house." High level of engineering, construction and electrical expertise.

Write Box F3957, Financial Times
10 Cannon Street, London EC4P 4BY

BUSINESSES FOR SALE

FOR SALE

MODERN BREWING FACILITY

Choice of two plants in Southeastern U.S.

The Stroh Brewery Company hereby offers for sale either its Winston-Salem, North Carolina, or Memphis, Tennessee, brewing facilities (only one brewery will be sold). This offer is made under the terms of a consent decree entered into between Stroh and the Antitrust Division of the United States Department of Justice, arising from Stroh's recent acquisition of the Jos. Schlitz Brewing Company.

The Winston-Salem plant was completed in 1969 and has an annual brewing capacity of approximately 5.0 million barrels. This plant, which has 1.1 million square feet of floor space, is situated on 130 acres of land. In addition, this plant has an attached container manufacturing facility which, although not required by the aforementioned consent decree, could also be offered for sale.

The Memphis plant was completed in 1971 and has an approximate annual brewing capacity of 5.5 million barrels. This plant has a floor area of 1.2 million square feet and is situated on 116 acres of land.

For more information, please address inquiries to P.O. Box 228, Department 45, Church Street Station, New York, NY 10008.

SPECIALIST TOOL MAKER "SABRE"

Thornbury, Avon

Specialist manufacturer of tool holders, cutting tools and ancillary equipment covering a wide range of machining centres and machine tools. High quality plant and machinery capable of a turnover of approx. £750,000 p.a. Located in leasehold premises of 5,500 sq. ft. at Thornbury, Avon.

For further details please contact:
W. F. Retford
PEAT, MARWICK, MITCHELL & CO.
1 Puddle Dock, Blackfriars
London EC4V 3PD
Telephone: 01-236 8000
Telex: 8811541

Peat, Marwick, Mitchell & Co.

FOR SALE

Established jewellery wholesaling company situated in prestige West End address with substantial losses for corporation tax purposes.

Write Box G.8870
Financial Times
10 Cannon Street
London EC4P 4BY

NATIONALLY KNOWN COMPANY FOR SALE

Leading household name importer/distributor of domestic appliance. Own national sales network, service, warehousing, van delivery fleet. Sales currently running at £2.5m with good gross margins. As a going concern. Owner wishes to retire. Principals only please.

Write Box G. 8837, Financial Times,
10 Cannon Street, London EC4P 4BY

ENGINEERING BUSINESS

The business and assets are for sale of S P Marking Products Limited and C E Brewer Metalcraft Limited (both in Receivership).

The companies manufacture industrial marking equipment and chimney cowls in 12,000 square feet freehold premises at Chard, Somerset.

Enquiries to: T R Thom FCA Price Waterhouse
Clifton Heights Triangle West Bristol BS8 1EB
Telephone: Bristol (0272) 293701

Price Waterhouse

FREEHOLD HOTEL

NR GLASGOW AIRPORT

Quality restaurant, bars, function suites, disco, 14 bedrooms, planning for further 30, gardens, parking. T/o in excess of £½m and GP 55%. Transferable brewers' loan. Sell assets or company with tax losses.

RETAIL FURNISHINGS

TV RENTAL

Successful (12% increase in sales this year) solid, established business in country town. Substantial freehold property. Low overheads; high GP. TV rental over £150,000 pa. Furniture/furnishing business may be sold separately.

Further information from D. R. McCormick
FINDLAY YOUNG & CO LTD
532 Sauchiehall Street, Glasgow G2 3LX - Tel: 041-331 1115

CAR PARKING

Central London Location With Petrol Forecourt Facilities
Private Company For Sale. Inflation-Proof Income.
Low Overheads. Minimal Management Needed.
Profitability in excess of £100,000 p.a.
PRICE: £650,000
Principals only—apply: C. D. Martin F.C.A.
38 Beauchamp Place, London SW3. Tel: 01-581 2799/80

ALFRED HERBERT LTD

ALFRED HERBERT (IN RECEIVERSHIP)

Trade and business assets of this well-known Coventry based machine tool manufacturer for sale as a going concern by receivers.

During the last 5 years Herbert have developed an advanced range of computer numerically controlled (CNC) machine tools with control systems and features suitable for inclusion into flexible manufacturing systems. Annual turnover currently some £16m with outlets in home and North American markets.

Freehold premises with 400,000 sq ft factory accommodation. Extensive plant, demonstration, and research and development facilities.

Enquiries from principals only to: P E Baldwin, FCA
Price Waterhouse 169 Edmund Street Birmingham B3 2JB
Telephone: 021-236 5011

Price Waterhouse

M. WARBURTON ASSOCIATES

COMPANY MERGER BROKER

Owners of land near Marbella, Spain with planning permission for luxury caravan park (800 units) seek partner to develop. Value of land £1.2m, development cost £800,000. Straight sale of land considered. 30% profit anticipated on capital per annum.

Principals interested write:
26 DOWNSHIRE HILL, LONDON NW3 1NT.

TOOLING INVESTMENTS (IN RECEIVERSHIP)

Trade and business assets of this Coventry based machine tool merchanting company for sale as a going concern by receivers.

The company provides re-furbishment and re-build services in addition to its merchanting of second-hand machine tool trade. Other activities include auction services and retrofitting of advanced computer controls to machine tools. Annual turnover some £4m.

Presently operating from the premises of Alfred Herbert in Coventry. Large stocks of re-furbished and second-hand machine tools available.

Enquiries from principals only to: P E Baldwin, FCA
Price Waterhouse 169 Edmund Street Birmingham B3 2JB
Telephone: 021-236 5011

Price Waterhouse

BUSINESSES FOR SALE

I O TECHNOLOGY PLC

Iotec Microcomputer Systems

* The company manufactures a range of microprocessor based computer products which run under the CP/M operating system. The main processor unit is based on the Z80A processor incorporating a 75K memory expandable to 960K. It also offers an advanced colour facility operating under CP/M.
* The company has a wide range of end-user software application packages.
* The company has some 50 appointed dealers on a nationwide basis.
* The company trades from local authority, purpose-built premises in Bradford of 5,600 sq. ft., currently rent-free.
* The company has 30 employees.

Please contact as a matter of urgency:
The Joint Receiver and Manager
P. Ramsbottom
Peat, Marwick, Mitchell & Co.
Century House, 7 Tib Lane
Manchester M2 6DS
Telephone: 061-832 4221 - Telex: 668266

Peat, Marwick, Mitchell & Co.

LIGHT ENGINEERS

Joint Receivers offer for sale assets and goodwill of well established engineering company concerned with design and manufacture of special machinery, electronic control systems, profiling and light fabrication. Located in Cheshire with turnover of approximately £2.3m per annum.

Full information from joint Receivers:
D. G. ROWLANDS & A. GRIFFITHS
THORNTON BAKER
1 Stanley Street
Liverpool L1 6AD
Tel: 051-227 4211
Telex: 667235 (TB Man G)

Converters of Transparent Packaging

Business and Assets for Sale as a Going Concern

* Based in Nottingham D.K. Films Ltd is engaged in the conversion of transparent packaging.
* Premises comprise 12,000 square feet of leasehold warehouses and offices.
* Customers include many blue-chip companies in the confectionery and food industries.
* Established since 1972.

Contact: J. Kenneth R. Jones, Receiver and Manager,
Robson Rhodes, Centre City Tower, 7 Hill Street, Birmingham B5 4UU Telephone: 021 643 5494 Telex: 339420 ROBSON G

ROBSON RHODES
Chartered Accountants

FOR SALE

Lithographic Printers in South East London, turnover £500,000 per annum returning a pre. tax profit of 20%. Assets include cash.

Excellent potential for future growth.

Write for details to Box G8857, Financial Times, 10 Cannon Street, London, EC4P 4BY

AIR CONDITIONING AND POLLUTION CONTROL

Equipment manufacturing business for sale. (In Receivership.) Leasehold 64,000 sq. ft., approximately £1m stock and work in progress, £1.8m turnover and £500,000 order book. Comprehensive plant, Cardiff.

Genuinely interested principals only please apply to:
Box FT/793, c/o St. James's House,
4/7 Red Lion Court, Fleet Street, London EC4A 3EB

URGENT SALE BY RECEIVERS OF FASHION LEISURE MANUFACTURER

AP Locke and DRF Sapte-Begbies of 3 Raymond Buildings, Gray's Inn, London WC1. Telephone: 01-242 6938

The stock, order book and other assets of a high quality Fashion Leisure Manufacturer in South Leicester. Turnover approximately £45,000 per month. Customers include branded houses and promotional clothing distributors. Initial introductions established with major store groups. Excellent product range, skilled labour available and possibly low cost premises. Recommend urgent contact.

BUSINESS FOR SALE
DIVISION OF GAMES COMPANY

(including Moulds, Trade Marks and Designs)
Design Centre Selection. Forty Products in Range. Customers — Major Multiples, Retail Toy Shops, Export Distributors, Large Premium Potential, Wholesale and Retail Gift and Stationary Shops. Business commenced January 1981. Stock at Value approx. £50-60,000.
Write Box G8858, Financial Times 10 Cannon Street, London EC4P 4BY

D.I.Y. & FURNITURE SUPERSTORE FOR SALE
LONDON AREA

Approx. 55 ft. Frontage
Long established.
Approx. £250,000 turnover.
18 year lease and goodwill.
£55,000 plus stock at cost.
Write Box G8855, Financial Times 10 Cannon Street, London EC4P 4BY

GARDEN CENTRE
LINCOLNSHIRE

Superb investment. 3½-acre site (approx.), adjusted net profit in excess of £50,000. Full brochure available from:

PROFESSIONAL MANAGEMENT SERVICES
63 High Street, Skipton
Tel: 0756 69511
Ref: FT 1549

FROZEN FOODS

Small company, turnover currently projected £350,000 with excellent product and exceptional customer base for sale. Gross margin approximately 30% —superb opportunity for right person to develop business further — asset value only required. Possible assistance with funding.
Write Box G.8853, Financial Times, 10, Cannon Street, London EC4P 4BY.

NATURAL VITAMIN SUPPLEMENTS/Cosmetics marketing. Complete new business ready for launch. Offers over £25K. Wokingham 789898.

TECHNICAL JOURNAL in the construction field, alternate monthly. Write Box G8873, Financial Times, 10, Cannon Street, London EC4P 4BY.

BUILDERS MERCHANT in the North West for Sale. Excellent premises. Sales 1¼ million with DIY section cash sales contributing £200,000 plus. Apply to Chartered Accountants, Box G.8871, Financial Times, 10, Cannon Street, London EC4P 4BY.

BUILDING AND DEVELOPMENT Company for Sale. Attractive Assets. Full Audited Accounts Available. Write Box G.8882, Financial Times, 10, Cannon Street, London EC4P 4BY.

AVAILABLE TAX LOSSES

Portfolio of nine property investment companies for sale containing agreed available losses of:—

Unrelieved Management Expenses	Approx £1,300,000
Capital Losses	Approx £130,000
Schedule A Deficiencies	Approx £10,000

In addition, there is an assignable debenture available on which the capital sum outstanding is approximately £3,000,000.

Offers in the region of 15p in the Pound are invited preferably for the complete portfolio although partial disposals would be considered.

For full details apply to Box G8859, Financial Times 10 Cannon Street, London EC4P 4BY

FOR SALE

Cash and Carry to the Motor Trade

Current Turnover £1.5m
Leasehold Premises
Owners selling due to other commitments

PANNELL KERR FORSTER
CHARTERED ACCOUNTANTS

Enquiries by Principals only to:
PANNELL KERR FORSTER
Chartered Accountants
Dean House
94 Whiteladies Road
Clifton, Bristol BS8 2QS
Telephone: Bristol 736841

FOR SALE

AT COST IN AMMAN JORDAN

FULLY EQUIPPED FACTORY OF 60,000 SQ. FT.
Sited on 7 Acres Freehold Industrial Land.
Located close to the new International airport, only 7 Km from Amman centre.
THIS IS AN EXCELLENT INVESTMENT OPPORTUNITY FOR A FAR SIGHTED INTERNATIONAL CONCERN.
FOR DETAILS TELEX 557311
or write Box G8850, Financial Times, 10 Cannon Street, London, EC4P 4BY.

HOTELS FOR SALE

RECEIVERSHIP SALE — Superb "A" road position in 1 acre near M6 — the immaculate OLD VICARAGE HOTEL, HOLMES CHAPEL, CHESHIRE. 2 character bars, restaurant, 9 luxury bedrooms, £154,000 nat t/o. Offers over £180,000 freehold complete (Apply Cirencester Office).

LONDON (Cromwell Road area) — PROFITABLE FULLY LICENSED HOTEL Spacious public rooms, 98 bedrooms (63 en suite). Lift, central heating. Projected receipts over £425,000. £1.295m complete (Apply London Office).

For a comprehensive selection of other personally inspected hotels and inns throughout the British Isles send for our current Summary

ROBERT BARRY & CO.,
National Specialist Hotel Agents

Cotteswold House, Cirencester, Tel: (0285) 2238
and at Edinburgh
39 Upper Brook Street, Mayfair, London, Tel: 01-491 3026

ESSENTIAL OIL AND AROMATIC CHEMICAL MERCHANTS

Offers are invited for the business, stock, goodwill and outstanding Contracts relating to the above concern.

For further details, please contact:
Vanessa Garrett,
Floyd Harris,
218, Strand,
London WC2R 1DG.
Telephone 01-583 6224

FOR SALE

INTERNATIONAL ESTATE AGENCY

Britain's leading international residential agency concentrating only in the upper market with an excellent and world famous reputation would consider majority participation. Company valuation in the region of £250,000 — to include the business, the trade-in-hand and goodwill. Enquiries from principals only.

Write Box G8869, Financial Times 10 Cannon Street, London EC4P 4BY

FOR SALE
Restaurant & Shop Fitting Business
EAST LONDON

* Well equipped Workshops
* 12,000 sq ft (inc. Yard area) long leasehold property
* Excellent customer lists
* £100,000 turnover Opportunity for development
* Owner retiring

Contact C. J. C. Derry
HENRY BUTCHER
LEOPOLD FARMER
50 54 High Holborn, London WC1V 6EG
Tel: 01-405 8411

MOTOR BUSINESS

Substantial motor business in South London for sale as going concern with two leading franchises and petrol forecourt. Modern showroom workshops etc. Important main road frontage on approx. four acres freehold. Considerable further potential. T/O £7½m. Principals only.

Write Box G8858, Financial Times 10 Cannon Street, London EC4P 4BY

CLOTHING DISTRIBUTORS

Due to retirement of directors' the business of established men's and boys' clothing distributors in East Anglia is For Sale. Turnover approaching £500,000 with consistent profit record.
Principals only Write Box G8852, Financial Times 10 Cannon Street, London EC4P 4BY

BUSINESS OPPORTUNITY

HIGHLY PROFITABLE RETAIL BUSINESS IN SOUGHT AFTER LOCATION IN S.E. LONDON
TURNOVER OVER £¼m
PRICE: £120,000 s.a.v.
Apply:
PRALL CHAMPION & PRALL,
76 Spital St., Dartford, Kent.
(0322) 28891

EAST MIDLANDS JOINERY COMPANY FOR SALE

TURNOVER £200,000
Good local workforce and order book. A/C's available.
Write Box G8864, Financial Times 10 Cannon Street, London EC4P 4BY

CLOTHING FACTORY

Employing 185 skilled operators manufacturing Ladies' Coats and Jackets. Freehold building. Bedfordshire area.
Write Box G8860, Financial Times 10 Cannon Street, London EC4P 4BY

HEALTHY MUSICAL Radio and Television Store

Mainly concerned with electronic organs and quality radio and television equipment in a shopping precinct in London suburb; turnover in excess of £500,000.
Box G8842, Financial Times 10 Cannon Street, London EC4P 4BY

HOTELS AND LICENSED PREMISES

SOUTH DEVON

Established and profitable licensed 100 unit static holiday caravan park. Touring and camping facilities. Period manor house hotel, 14 bedrooms, bar, functions room, various amenities, swimming pool. Set in 15 acres with scope further development. Situated in busy tourist resort on main road approximately 2 miles from sea. Freehold £436,000.

A. N. MOSLEY
1e Edgecombe Way, Gunnislake, Cornwall. Tavistock (0822) 833204

BOURNEMOUTH

Close - new International Centre. Superbly appointed meticulously maintained 3 star hotel over 60 bedrooms majority en suite. Large car park. Exceptional Directors Suite.

Freehold £600,000
Sole Agents:
RUMSEY & RUMSEY
Bournemouth BH1 1EZ
0202 21212

SUBSTANTIAL HOTEL/FUNCTION COMPLEX

Close to Glasgow Airport
Incorporates 14 letting bedrooms, restaurant, disco, public bar, 2 cocktail bars, 2 function suites. Possibility of extending bedroom accommodation. Recently refurbished and in excellent order. £490,000. Ref. 4388.
Further particulars contact:
S. D. ELLISON & CO.
(Scotland) 12 Dublin Street, Edinburgh. Tel: 031-557 3004

Dutch House Printers Ltd
In Receivership

For sale as a going concern. The Company is engaged in silk screen printing and offers a full range of services within this market. Over the last 10 years the Company has built up a reputation for quality work.

Turnover is approximately £330,000 p.a.. There are 22 employees and the Company trades from leasehold premises in Kingswood, Bristol.

For further details please contact C.J. Barlow, Arthur Young McClelland Moores & Co, Froomsgate House, Rupert Street, Bristol BS1 2QH. Tel: (0272) 298151.

Arthur Young McClelland Moores & Co.
A MEMBER OF AMSA IN EUROPE AND ARTHUR YOUNG INTERNATIONAL

By Order of the Joint Receivers, Alan J. Katz, FCA, and I. P. Phillips, FCA, Arthur Andersen and Company

METAL FABRICATORS
NORTH MANCHESTER

Specialists in non-ferrous metals, vessels, piping and hydraulics, including installation. Regarded as market leader. Fully equipped freehold works. Sales of £1m.

For further information contact:
Alan J. Katz,
ARTHUR ANDERSEN AND COMPANY,
Bank House, Charlotte Street, Manchester.
Tel: 061-228 2121

PLASTIC MOULDING COMPANY

A company engaged in plastic injection moulding, with a turnover of £1,800,000 per annum, is interested in finding a partner engaged in the same field to concentrate manufacturing facility on one site with a view to reducing manufacturing costs.

Write Box G8868, Financial Times 10 Cannon Street, London EC4P 4BY

CANADIAN SECURITY BUSINESS FOR SALE

This 10-year-old, soundly established, profitable distributorship serves 200 security and surveillance systems dealers across Canada and has access to the entire USA market through existing network of sales reps. The line of credit is unused. There are no debts or bank loans. First quarter 1983 sales were $427,000 and the expansion potential is unlimited. Offers considered for controlling interest or total acquisition. Perhaps international merger?

Please reply before IFSSEC 83 (18-21 April) when present owner in UK

Write Box G8872, Financial Times 10 Cannon Street, London EC4P 4BY

COMPANY NOTICES

TELEFONAKTIEBOLAGET L M ERICSSON
(L M Ericsson Telephone Company)

The Annual General Meeting of the Company will be held at the Stockholm Fair Building, Maessvaegen 1, Aelvsjoe, Stockholm, at 4.00 p.m. on Thursday 29th April, 1983.

The following items will be on the agenda for the Meeting:

1. To elect a chairman for the Meeting;
2. To approve the voting list;
3. To confirm that the Meeting has been properly called;
4. To elect two persons to check the minutes of the Meeting;
5. To present the Annual Report and the Auditors' Report;
6. To present the consolidated accounts and the Auditors' Report on the Group;
7. To approve the Profit and Loss Statement and the Balance Sheet;
8. To approve the consolidated Profit and Loss Statement and the consolidated Balance Sheet;
9. To discharge the Members of the Board and the Managing Director from liability;
10. To determine the appropriation of the profits, provided the Balance Sheet is approved;
11. To fix the date of payment of the dividend declared;
12. To determine the number of Members of the Board and Deputy Members;
13. To determine the remuneration payable to the Members of the Board and to the Auditors;
14. To elect Members of the Board and Deputy Members;
15. To elect Auditors and Deputy Auditors;
16. To resolve on a draft resolution submitted by the Board of Directors authorising the Board of Directors to decide to increase the share capital through a new issue of up to 4 million shares of Series B and to deviate from the shareholders' preferential right of subscription;
17. To decide on any other business which according to the Companies Act 1975 shall be dealt with at the Meeting.

Shareholders intending to participate in the Annual General Meeting must be entered as shareholders in the Share Register kept by Vaerdepapperscentralen VPC AB (Securities Register Centre) not later than 19th April, 1983.

Shareholders whose shares are registered in the name of an Agent must re-register the shares temporarily in their own names in order to participate in the Meeting.

In addition to the above-mentioned requirements, shareholders shall give notice of attendance to the headquarters of the Company at Telefonplan S-135 25 Stockholm, between 10.00 a.m. and 4.00 p.m. daily, not later than Monday 25th April, 1983 at 4.00 p.m.

Any person desiring to participate in and to vote as proxy on behalf of a shareholder at this Meeting, must produce a dated Power of Attorney before being allowed to do so.

THE BOARD OF DIRECTORS
April, 1983.

NOTICE TO THE HOLDERS OF BANK HANDLOWY W WARSZAWIE S.A. KD 3,600,000 FLOATING RATE NOTES DUE 1987

In accordance with Clause 4(A) of the Terms and Conditions of the Notes, the Notes bearing the following serial numbers have been called for redemption on 15th April 1983 at 100 percent:
Notes in denomination of KD 1,000 each
Serial numbers

201 to 220, 441 to 460, 681 to 700, 921 to 940, 1161 to 1180, 1401 to 1420, 1641 to 1660, 1881 to 1900, 2121 to 2140, 2361 to 2380, 2601 to 2620, 2841 to 2860, 3081 to 3100, 3321 to 3340, 3561 to 3580.

The payment will be made against presentation and surrender of the Notes together with all coupons appertaining thereto to the Fiscal Agent or to the Paying Agent whose addresses are given below. The face value of the missing coupons will be deducted from the sum due at the time of payment.

Fiscal Agent:
Kuwait International Investment Co. S.A.K.
5th Floor, Block No. 1
Al Salhia Commercial Complex
Fahad Al Salem Street
Kuwait.

Paying Agent:
UBAF—Bank Limited
Commercial Union Buildings
St. Helens, 1 Undershaft
London EC3P 3HT
United Kingdom.
Kredietbank S. A. Luxembourgeoise
43 Boulevard Royal
Luxembourg.

By: KUWAIT INTERNATIONAL INVESTMENT COMPANY S.A.K.
As Fiscal Agent.

ABN Bank
ALGEMENE BANK NEDERLAND N.V
(Incorporated in The Netherlands with limited liability)

Shareholders are herewith invited to attend the ANNUAL GENERAL MEETING which will be held on Tuesday, 3rd May, 1983 at 15.00 hours at Vijzelstraat 68-78, Amsterdam.

As appears from the Agenda; during this meeting will come up for discussion, i.a., the Annual Report, 1982 the Report of the Shareholders' Committee and a proposal to amend the Articles of Association.

The Agenda of the Meeting, the Annual Report 1982 and the Report of the Shareholders' Committee, as well as the proposal to amend the Articles of Association and the note thereto, have been deposited for inspection and are available at the offices mentioned below.

Shareholders may attend the Meeting either in person or by proxy, address the Meeting, and vote, provided their shares have been deposited by Friday, 29th April, 1983, in England at the offices of:

Baring Brothers & Co., Limited
8, Bishopsgate
London EC2N 4AE

Algemene Bank Nederland N.V.
61, Threadneedle Street
London EC2P 2HH

Algemene Bank Nederland N.V.
61, King Street
Manchester M2 4PD

Algemene Bank Nederland N.V.
35, Waterloo Street
Birmingham B2 5TL.

The Managing Board
Amsterdam,
12th April, 1983.

TOKYU DEPARTMENT STORE CO. LTD.

NOTICE TO EDR HOLDERS

NOTICE IS HEREBY GIVEN that the summary of income of the above Company for the year to January 31, 1983 is as follows:

		(Yen Millions)
Net Sales		254,235
Cost of Sales	198,851	
Depreciation	2,257	
Rentals	5,490	
Selling, General and Administration Expenses	44,064	
Net Interest	2,393	
		253,055
		1,180
Other net income		3,654
Income before taxes		4,834
Provision for taxes		2,610
Net Income		2,216

The proposed cash dividend payable in Tokyo on April 27, 1983 will be at the rate of Yen 3.00 per share in accordance with our notice dated February 2 1983. A further publication will be made stating the actual amount in U.S. Dollars payable to EDR holders. Only upon such notice will any payment be made against presentation of Coupon No. 7.

THE CHASE MANHATTAN BANK, N.A., London, as Depositary.
April, 1983.

INVESTMENTS FOR SALE

PORTUGAL, VILAMOURA—Invest in the finest sporting tourist development in Europe. Apt's. from £25,000. Villas from £30,000. R.M.S., 157 Whitecross St., London, EC1. 01-250 0250.

ART GALLERIES

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. CONTEMPORARY PAINTINGS ON VIEW. Mon.-Fri. 10-5 and Sats. 10-12.45.

NICOLA JACOBS GALLERY, 9, Cork Street, London, W1. Tel: 01-437 3868. The Figurative Exhibition until 23rd April. Daily 10-5.30, Thurs. 10-8 pm, Sat. 10-1 pm.

FIELDBORNE, 63, Queens Grove, NW8. 01-586 3600. HARRIET LASSALLE AMERICAN JOURNEY.

NOORTMAN & BROD, 8, Bury Street, St. James's, SW1. 01-830 2606. "Autour des Impressionnistes" Exhibition of Barbizon and Pre-Impressionist Paintings. Mon.-Fri. 9.30-5.30, until 22nd April.

PARKER GALLERY, 12a-12b Berkeley Street, London W1X 5AD (opposite Mayfair Hotel.) Tel: 01-499 5906.

PERSONAL

TENNIS—Kentish Times Beckenham International Tennis Week 30 May-4 June. Private Boxes and Trade Stands. Ring: Brenda Willats 01-659 1167.

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Successful entrepreneur with venture capital available wishes to purchase in full or part a small business, preferably in the manufacturing or marketing areas. Please send broad outline of your business.
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Successful public company in mechanical engineering wants to diversify by purchasing suitable small companies engaged in manufacture of engineering products. Of particular interest would be products involving machinery, foundry and fabrication work.
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NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN ASAHI GLASS CO. LTD.

Further to our notice of December 9, 1982, EDR holders are informed that Asahi Glass has paid a dividend to holders of record December 31, 1982. The cash dividend payable is Yen 4 per Common Stock of Yen 50.00 par share. Pursuant to Clause 8 of the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 3 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A. R. of Egypt	F. R. of Germany	The Netherlands	Spain
Australia	Finland	New Zealand	Sweden
Belgium	France	Norway	Switzerland
Brazil	Hungary	Rep. of Korea	United Kingdom
Canada	Ireland	Romania	U. S. of America
Czechoslovakia	Italy	Singapore	Zambia
Denmark	Malaysia		

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after July 31, 1983.

Amounts payable in respect of current dividends.

Coupon No. 3 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
10,000 shares	$166.66	$141.66	$133.33

Depositary:
Citibank, N.A.
336, Strand, London WC2R 1HB
April 12, 1983.

Agent:
Citibank (Luxembourg) S.A.
19 Avenue Marie Therese

CONTRACTS AND TENDERS

KINGDOM OF MOROCCO
MINISTRY OF EQUIPMENT
ROAD AND ROAD TRAFFIC DIRECTORATE

PUBLIC, OPEN, INTERNATIONAL CALL FOR TENDERS ADVERTISEMENT

The Road and Road Traffic Directorate (Ministry of Equipment) launches an International Call for Tenders, open to all contractors and companies established in any World Bank member country, in Switzerland or Taiwan, for the construction of the Oued Cherrat-Rabat (29 km long) section of the Casablanca-Rabat motorway.

LOT A: CONSTRUCTION OF STRUCTURES
LOT B: EARTHWORK, DRAINAGE AND PAVEMENT

Contractors and companies interested should submit their application before 10 o'clock, May 3rd, 1983, they may either be sent by registered mail, either deposited against receipt at the Contract Office of The Road and Road Traffic Directorate Administration District, Rabat Chellah, either delivered to the committee chairman, at opening of the public tender unsealing session, which will be held on Tuesday, May 3rd, 1983, at 10 o'clock at the headquarters of The Road and Road Traffic Directorate, above quoted address.

To be acceptable, applications shall be written down in conformity with the Admission Regulation File, which can be obtained either from The Road and Road Traffic Directorate or from the Kingdom of Morocco Embassies abroad.

The file to be submitted essentially includes the following.

A—ADMINISTRATIVE FILE
—Application for admission to the call tenders.
—Affidavit in two copies
—Only for companies established in Morocco, fiscal certificate related to their activities
—Form to be filled in by the applicant

B—TECHNICAL FILE
—Memorandum about technical and human means of the applicant company, location, time, type and size of works it has accomplished or whose accomplishment it has participated in
—Certificates from public organizations on the behalf of which works were accomplished

PUBLIC NOTICES

SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Society will be held in the SOCIETY'S HEAD OFFICE, No. 31 ST. ANDREW SQUARE, EDINBURGH, on Thursday, 21st April 1983 at 2.30 p.m. to consider the Accounts and Balance Sheet and the Reports of the Directors and the Auditor, to re-elect Directors and to re-appoint the Auditor.

A Member of the Society entitled to attend and vote at any General Meeting is entitled to appoint another person to attend and vote instead of him. Proxies must be lodged at the Society's Head Office not less than forty-eight hours before the time of holding the Meeting.

By Order of the Board.
D. A. BERRIDGE,
General Manager.
31 St. Andrew Square,
Edinburgh.

CITY OF BATH

Amount of Bills £185,000 issued on 13.4.83 maturing 13.7.83 at a rate of 9$\frac{13}{16}$%. Applications totalled £990,000. These are the only Bills outstanding.

WANDSWORTH CORPORATION
HEATING SCHEME AT BATTERSEA

Contractors wishing to be considered for selection to tender for the removal of the existing warm air system and the replacement with individual gas-fired boilers serving radiators and domestic hot water in approximately 120 dwellings at 2-240 Ashley Crescent on the Wycliffe Road Estate, S.W.11, should submit names to the Director of Administration, Room 111, Town Hall, Wandsworth High Street, London SW18 2PU by 25th April 1983.

Applicants must provide details of labour, technical and supervisory staff available together with the names and addresses of two technical and two financial referees, unless this information has already been provided for a similar scheme within the past twelve months.

It is anticipated that tenders will be invited from selected contractors in May with a start on site in June/July 1983.

The engineering design services for the scheme will be provided by the Council's Borough Architect, R. Child, R.I.B.A., Town Hall, Wandsworth High Street, London SW18 2PU.

THE ARTS

New York Dance/Merce Cunningham

David Vaughan

Several New York critics have expressed surprise at the clearly dramatic nature of Merce Cunningham's recent work *Quartet*, first given in Paris at the Festival d'automne last October and in New York during his company's recent season at the City Center Theater. Yet Cunningham has throughout his career made works with a palpably dramatic atmosphere, even if they lack specific narrative content—works like *Crises* (1960), *Winterbranch* (1964), *Place* (1966), *Rebus* (1975), *Exchange* (1978), and *Channels/Inserts* (1981).

In the case of *Quartet* the atmosphere is full of dark forebodings. At the rise of the curtain Cunningham is discovered standing at the rear of the stage, his body bent over to one side. Three women and another man enter. They move for the most part independently of him, though occasionally they imitate his movements, or Cunningham will find himself caught between two of the younger dancers. The title *Quartet*, is not as illogical as it might appear—it could be said that there are four "voices," Cunningham himself, one of the women (Helen Barrow, replacing Susan Emery, on sick-leave during the New York season), the second man (Rob Remley), and the other two women who are "twinned" (Judy Lazaroff and Karen Fink, in the role originally danced by Barrow)—twice, they form a fan-like cluster with Remley, one hanging away from his body with the other echoing the position from behind him.

Perhaps it is not even too fanciful to suggest that, like

Cunningham: a riveting performance

Beethoven's last quortets, thie piece is a meditation on profound, even tragic matters. Certain of Cunningham's movements are painful to watch, as when he shuffles forward on his knees, repeatedly falling to one side. Towards the end, after a small final paroxysm, he passes unnoticed from the scene.

In the few moments that remain, the other dancers' movements revert to the restricted, almost robot-like shifts of weight with which they began, as though their independent existence still depended on his presence.

Cunningham's own performance is riveting, but the younger dancers also perform the piece with a clear sense of its seriousness and importance. *Quartet* shows the other side of the coin from *Gallopade*, first performed in London two yeers ago, which also dealt with the fact that Cunnningham is older and less agile than the rest of his company and somehow managed to be bilarious about it — one was reminded of W. C. Fields's remork, "I never saw anything funny that wasn't terrible." Mark Lancaster's clothes, in sooty crimson, blne, and green, and his lighting, which is "rather darkness visible," contribute to the sombre effect, as does David Tudor's unwont-dly subdued sound-score.

The other new work this season was *Coast Zone*, the latest in Cunningham's works originally choreographed for the camera in collaboration with the director Charles Atlas and then adapted for the stage. The film version reportedly makes extensive use of close-ups (which Cunningham and Atlas have used sparingly up to now) and of 360-degree camera movements. The title of the piece suggests that, as in certain other Cunningham dances, the imagery is derived from topographical observation, and he has been quoted as saying that he was thinking of "shifting sands, bluffs, and beaches."

It goes without saying that such natural phenomena have undergone a process of abstraction in the choreography (though Larry Austin's score is made up of aqueous sounds).

This is one of those works of Cunningham's that do not yield up all their secrets at the first or even the second viewing, whereas the impact of *Quortet* is immediately felt and overwhelming.

1983 Whitbread Literary Awards judges named

Judges for this year's £10,000 Whitbread Literary Awards will be biographer Elizabeth Longford, broadcaster Frank Delaney, novelist and children's book writer Jane Gardam, and bookseller John Elsley, who is also president of the Booksellers' Association.

The awards are for three main categories: novel, biography or autobiography, and children's book. Each category carries a prize of £3,000. In addition, there is to be a special category, with a prize of £1,000 for the best first novel published during the year.

'Spring into Dance' at Sadler's Wells

Sadler's Wells Theatre is launching its fourth dance season ticket scheme, and the first to concentrate exclusively on contemporary dance. Under the title *Spring into Dance*, the season brings five major international companies to the theatre in the period from April 12 to June 11: the Joyce Trisler Danscompany and Laura Dean Dancers and Musicians from America, Sankai Juku from Japan, Portugal's Ballet Gulbenkian and Britain's London Contemporary Dance Theatre.

Embassy acquires rights to 'Gandhi'

Embassy Communications International, a wholly-owned subsidiary of the Norman Lear and Jerry Perenchio-owned Embassy Communications, has announced the acquisition of the rights to the film "Gandhi" in perpetuity for Television and Cable transmissions in the U.S. and Canada.

Lord Grade, chairman of Embassy, said the deal was negotiated with Mr Jake Eberts, chief executive of Goldcrest Films and Sir Richard Attenborough.

Vietnam/Television

Chris Dunkley

More than any other war, Vietnam is symbolised by a series of photographic images: a naked weeping child running down Highway 1, a Vietcong subject being dragged through the dust behind a white-starred American tank, and a South Vietnamese police chief firing a revolver into the bead of a Vietcong officer, for instance. The odd thing is that although Vietnam is sometimes described as "the first war fought on television," all those indelible images come from newspaper photographs.

Despite television's heavy involvement in the war, the medium has actually served the viewer very poorly: while the war went on, television conveyed the sound and the fury, and once the war was over it was cinema which brought us *Apocalypse Now* and *The Deer-hunter*. Even those works, though studied in their emotional responses, were not too strong on analysis, whether political, social, economic or geographic. The time was ripe for a long and sober look at the whole sorry mess and *Vietnam*, a series of one hour programmes co-produced in Britain, France and the U.S., which started last night on Channel 4, looks as though it may well provide it.

When the series ends in 12 weeks' time, perhaps we shall feel that Episode One spent a disproportionate time on Britain's role, which was admittedly bizarre (we re-armed the disarmed Japanese invaders in 1945, apparently out of mistrust for the French and o determination to preserve colonialism) yet ultimately unimportant. But assuming the series sustains the standard of last night's archive film material and of the interviews with those involved on all sides—from ex-Emperor Bao Dai to the companion of Peter Dewey, the first American killed in Vietnam—then we shall have been very well served indeed.

What the series presumably cannot do is keep up the level of surprise achieved by part one. How many viewers realised that in 1945 American military advisers supported Ho Chi Min and his Vietnamese nationalists in their resistance against the Japanese invaders? How many were aware that in that same year Ho announced the formation of a "Democratic Republic of Vietnam" with a declaration which began "All men are created equal; they are endowed with certain inalienable rights . . . ?"

Having so recently watched the dramatised reconstruction of America's shamefaced scramble out of Vietnam in 1975, during ITV's *The Last Day*, the irony in discovering that the Vietnamese nationalists' ideals were modelled on those of the American republic was somewhat desperate.

The Kids from Fame/Wembley Arena

Antony Thorncroft

The Kids from Fame in performance reproduce all the virtues and vices of the kids in Fame on television. They are talented but unoriginal, lively but phoney, sophisticated but shallow. It was unfortunate that their weekend shows at Wembley should follow rapidly on the television broadcast of their first trip to London last year, for you could bardly fail to notice the similarities and how programmed and lacking in spontaneity was an entertainment which pretends to be an unrestrained expression of the joys of youth.

But if the show is compnterised it at least offers variety. There is a good enough selection of principals for the little girls, who make up the mass of Fame fans, to identify with, and the back up dancers at least keep their mouths shnt.

Debbia Allen, the rather bossy lady who treats the younger protegees in the manner of a dog trainer breaking-in puppies hogs too much of the spotlight with whimsy and the kids themselves are almost old enough to know better. They do not sing remarkably, or play the cello and piano particularly well. The songs composed by Lee Curreri are lightweight, although he seems to have, along with Gene Anthony Ray, the strongest personality in the pack.

You cannot escape the fact that the touring show is running off the success of the television Fame and eince this gets low ratings in the U.S., no more series may be forthcoming. The Wembley events could soon be all there ever was of Fame—a quick bubris for a superficial but not unpleasant reminder of old time vaudeville.

*

A day earler, Wembley was packed for e much more intense experience, a Joan Armatrading concert. Joan Armatrading has e spine tingling voice and ber love songs like "The weakness in me" are as haunting as echoes. Success has brought her to giant venues, and more confidence bas produced an album with an emphasis on up-tempr rockers. She really has not the personality to win at Wembley despite the devotion of ber fans and I would much prefer her being sad in a small club than uncomfortably extroverted.

Hazlitt, Gooden and Fox/David Piper

Jeunesse Doré

Gustave Doré died in 1883 at the modest age of 51, but his output in that relatively brief life has been assessed by one authority as being in the region of 100,000 works — drawings, watercolours, paintings, engravings, sculptures. The oil paintings included works on a large scale. Though now hardly to be seen anywhere in Britain, in his time it was in London, rather than in his native France, that this aspect of bis work seems to have found its most appreciative audience and for years, from 1869, a gallery was devoted solely to the showing of his work in the heart of Bond Street—at the address which is now, no less, that of Sotheby's.

The offerings there extended to the monumental, up to 18 by 27 feet, but it is in his small-scale work that he was, and still is, best known, and above all as illustrator. Doré illustrations to editions of Dante's *Inferno*, to the *Ancient Mariner*, *Don Quixote*, Rabelais, still recur, but of the more than 200 books for wbich he supplied illustrations, it is bis *London—A Pilgrimage* that still excites sharpest attention, at least in England.

Published in 1872, his reporting there of the London poor is more than Dickensian, providing the visual imagery for Mayhew's *London Labour ond the London Poor* of twenty years earlier, and, by way of so-called "Pilgrimage," in astonishing contrast to the crisp, elean and elegant topographical illustrations of London, as in the work of Shotter Boys.

The ground-floor lobby of the present Doré loan exhibition in Bury Street, St James's, at Hazlitt, Gooden and Fox is hung with a choice selection of studies for his London. Working as be was towards reproduction by steel-engraving, tha studies are usually in grey or brown monochrome, the contours established firmly over the works in pen and ink, the compositions as it were tuned by highlights in white or light grey body colour. What the show demonstrates over and over again is the loss that the translation by the engravers on to the plate involved, and it is of course through the engravings that he is best known and his quality assessed.

At his best, the original studies record a teeming invention expressed with virtuoso freedom, and delicacy at times, of handling. The subtlety of modulation of the chiaroscuro evaporates almost entirely in the limitations of the engraving. An astonishing drawing, *Pauvresse à Londres*, reads back and up from the inhabited buddles of rags, crusted as if with the phosphorescence of decay, through canyons of monumental masonry, to the glimmer of starlight on the dome of St Paul's high above. The delicacy of the tonal transition escapes aven the halftone block in the catalogue. There may be too, in such studies, e teeming of figures half-indicated in pencil, not proceeded with but also not entirely obliterated in the ensuing development of the drawing and still charging *the completed drawing with* their vitality.

'La France protège ses enfants': dated 1871

Delicacy, good taste, tact are not however consistently ubiquitous qualities of Doré's work. His very profusion is no doubt symptomatic of some lack of self-criticism, nor will bis subject matter always appeal to all tastes. But then neither does Rabelais find universal approval, though Rabelais himself I suspect would have enjoyed Doré's characterisation of the appalling giant-child Pantagruel, while Doré's illustrations to Balzac's *Contes Drolatiques* are remarkably (sexually) inexplicit compared with those provided by later illustrators like de la Bosschère.

On the other hand, I find it difficult to contemplate without wincing Doré's excursions into sculpture as represented in this show: if technically virtuoso works, they are perversely ingenious, and the figure of the knight in full armour going leap-frog over a stooping monk —whatever its origins in Rabelais—compels mesmorised horror. One aspect though that the original drawings set right in comparison with engravings based on them, is the impression given in engravings that Doré's characterisations of young women are all soppily vapid. A watercolour sketch of two of them in an open *calèch* is a miracle of delicate observation and no less delicate draughtsmanship, light on the paper as a butterfly, but entirely *unsentimental.*

There are no oils in the exhibition, though the medium of watercolour did not entirely inhibit Doré's scale. A life-size seated watercolour of his mother is formidable not only in technique but in characterisation. Doré was devoted to ber and survived her by less than two years; be never married. "This excellent mother, the most devoted and tender of all," be wrote, and devotion and tenderness breathe in his image of her, yet so also does a quality that suggests insatiable possessiveness. It is a baunting and almost threatening portrait. Life-scale again, but this time tender without malign overtones, a bead of an English beggar-girl, while o grimacing Pierrot may evoke a comparison with Daumier in its vivid actuality.

Generally, such a comparison seems not very relavant. Doré was not a satirist, nor does be rival the ferocity of Daumier's line, while his Don Quixote seems stagey when one remembers the bleak elemental intensity of Daumier's apparitions of Cervantes' bero. On the other band, Doré had, in his variety, admirable talents that Daumier did not possess. While Hazlitt's show is very rich in tha monochrome studies for many of Doré's favourite literary subjects, the landscape watercolours, some in brilliantly unfaded condition, will surprise and delight those who do not know them.

His versions of mountainous continental picturesque are perhaps fairly conventional, but Scotland seems to have moved him to spontaneous and original excitement, notably in a superbly moody recording of hills and woods in glowing shadow under the long cool light of the end of the day. But most startling, entirely unexpected, are four extraordinary large vertical panels, flashing with blues and reds, on the theme of birds of the cockatoo variety. They must bave been painted for a particular setting, and indeed are brilliant decoration, perhaps for o breakfast room. But perhaps not—the expression of aged, enormously eenatorial, disdain on the birds' faces, finding the spectacle of buman folly tedious beyond belief, might not send one forward with a light and confident heart to face the perils of the day.

This absorbing and revealing show continues till May 12. Tha copiously illustrated catalogue, with o lengthy introduction, is by Samuel F. Clapp.

Further centenary exhibitions, incorporating much of this showing, are planned for later in the year at Strasbourg (Doré's bome town) and Paris.

Radu Lupu/Elizabeth Hall

Dominic Gill

Radu Lupu is a marvellous and maddeningly uneven, unpredictable pianist. From time to time, at his best, be has given some of the finest Schubert and Brahms performances that I can remember. At other times he can play so dully, and with so little sense of engagement, that one could swear another artist entirely had replaced him at the keyboard.

There is inevitably no rhyme or reason to the pattern; the change is as likely to occur within e single programme as it is from recital to recital. Five years ago Lupu's occount of Schubert's D major sonata was one of the high points of his Scbubert cycle in the Elizabeth Hall. On Sunday afternoon his performance of tbe same sonata in the same hall was relatively undistinguisbed.

Undistinguisbed only by Lupn's own bighest standerds. Naturally there were strong and stirring things in it: a powerful grip of continuity and many delicate and pungent ideas—but less all the same that was truly striking or original. There was an uncomfortable lack throughout of Schubertian middle ground: a tendency to bang through forte tone; little in between a breathless pianissimo, a bard forte and a heevy fortissimo (not an accoustical fact but an impression); an assertiveness more nervous than jubilant. Both the slow movement and rondo finale were in their smallest points indecisive, unsettled in rhythm and timbre —charming but bland.

Lupu's way with tha Schumann of bis first half was likewise uncompromising, driven with a manie energy that swung violently between fierceness and pathos. The Romanze of the *Faschingsschwank Aus Wien* was exquisite, e shy smile touched with the deepest melancholy; the finale was brilliant, bigh-flying. Lupu seemed at a loss only where Florestan and Eusebius combine. In the Intermezzo, and in the Humoreske op. 20, there are more undercurrents, flashing lights, sidelong glances on every page than ba once binted at in an bour.

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International Arts Guide

The Financial Times International Edition publishes a comprehensive guide to all major artistic functions in Europe and North America every Friday.

The latest productions in the visual and performing arts are listed while Financial Times critics offer topical reviews of the most recent cinema premieres in London.

The guide also appears in extended form daily with particular emphasis on music (Monday), opera and ballet (Tuesday), theatre (Wednesday) and exhibitions (Thursday).

*

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

April 8–14

PARIS

London Festival Ballet in Giselle and La Sylphide with Natalia Markova, Eva Evdokimova and Peter Schaufuss at the TMP-Chatelet. (261 1983).

La traviata conducted by Alain Lombard at the Opera Comique. (296 0611).

Erzsebet with Christine Eda-Pierre is combined with Pailliasse sung by Jon Vickers, Teresa Stratas and Juan Pons at the Paris Opera. (742 5750).

ITALY

Milan, La Scala: Carle Fracci in Sleeping Beauty; the world premier of e work to Theodorakis choreographed by Maurice Bejart for his 20th Century Ballet; Lohengrin conducted by Claudio Abbado and directed by Giorgio Strehler.

LONDON

Royal Opera, Covent Garden: Don Carlos, a French Grand Opera at last given at Covent Garden in its original language, returns with a cast of newcomers to their roles (including Robert Lloyd and Thomas Alleo) and Bernard Haitink as conductor. The Don Pasquale revival, with Geraint Evans in the title role, shows off two of today's most attractive light voices, Luciana Serra and the Latin tenor Francisco Araiza.

Sadler's Wells, Rosebery Aveoue: Joyce Trisler Dance Company from New York arrives on Tuesday for a week of pieces covering the history of American modern dance. (278 8916).

WEST GERMANY

Berlin Deutsche Oper: A new production of Jakob Lenz, a chamber opera by contemporary composer Wolfgang Rihm being given in Berlin for the first time, although frequently staged elsewhere in the Federal Republic. In the main parts are Richard Salter and William Dooley. Edda Moser triumphs in Idomeneo. Boris Godunov, a good production by Rudolph Sellner, features Sieglinde Wagner and Martti Talvela. This week's highlight is Aida with Julia Varady and Renata Cossotto. Elektra with Gwyneth Jones and Ingrid Bjoner rounds off the week. (343 18).

Hamburg Staatsoper: Der Troubadour with Julia Varady and Franco Bonisolli is well worth the effort. Der Trojaner has Karan Armstrong and Harald Stamm in the main roles. Also this week Ein Maskenball starring Franco Bonisolli as Riccardo and Anna Tomowa-Sintow as Amelia. (351 151)

Stuttgart *Württembergisches Staatstheater:* Stuttgart's Der Fliegende Holländer with Toni Kraemer in the title role. Also Don Carlos and Der Freischütz. (203 21)

NEW YORK

Metropolitan Opera: The week's performances include Parsifal conducted by James Levine with Tataniana Troyanos, Timothy Jenkins and Simon Estes, along with Madama Butterfly, Il Barbiere di Siviglia and Il trovatore. Opera House, Lincoln Center (580 9830).

Paul Taylor Dance Company: Two world premieres, Sunset and Snow White, are included in the 24-performance season of one of America's veteran modern dance troupes. City Center (581 7907).

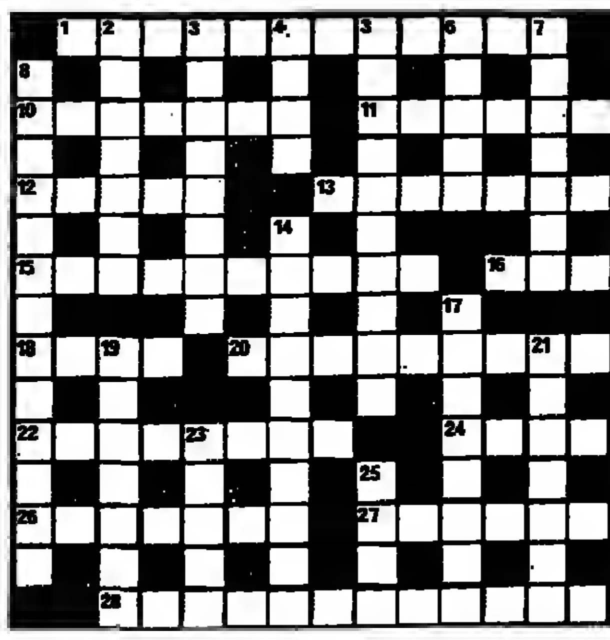
Pilar Rioja: Internationally known flamenco dancer performs to the music of Bach, Corelli, Albinoni, Bocherini and the poems of Garcia Lorca. Gramercy Arts, 138 E. 23rd (889 2850).

VIENNA

Staatsoper (5324/2655): Die Entführung aus dem Serail, Die Meistersinger voo Nürnberg, Ariadne Auf Naxos. On Thursday there will be the premiere of Andre Chenier produced by Otto Schenk, conducted by Riccardo Chailly, scenery by Rolf Glittenberg and costumes by Milena Caoonero. Chenier will be sung by Jose Carreras, Maddalena by Eva Marton and Gerard by Giorgio Zancanaro.

Volksoper (54324/2657): Der Graf von Luxemburg, Das Feuerwerk, Die Entführung aus dem Serail, Die Csardasfürstio.

F.T. CROSSWORD PUZZLE No. 5,144



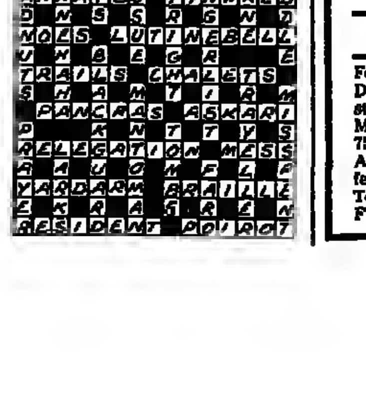
ACROSS

1 Winter wear in Derbyshire (12)
10 Leading phrenologist? (7)
11 Hospital worker cuts head off fish for Queen (7)
12 Ministry has heartless members of Heterocera (5)
13 Just like annoying child to race one in cloudburst (8)
15 Pair talking at meeting (10)
16 Party has second day in Bonn (4)
18 Clip the weed (4)
20 One of o set neglected in the kitchen (10)
22 Feature a chap with sinister delivery (8)
24 Sounds evil to go to Church if that easy (5)
26 Trust Cockney has the speed to work in theatre (7)
27 Receptacle overturned by family—should start to use them! (7)
28 The top table is (12)

DOWN

2 To stimulate, listen to a number (7)
3 Novel Mrs Steep who does the sewing (8)
4 Despite losing way, Laurence gets an eagle (4)
5 Backed Red Rum—a crime in the family (10)
6 Insect that starts ottacking new trees (5)
7 One to stop the rot (7)
8 Fielding's quacksalver (3, 4, 6)
9 He could spell it out for you (13)
14 A cure, but regret no capital to support student (10)
17 He's crazy to break with drug (8)
19 Agree with artist it's an idle fancy (7)
21 I go after fast time—makes the freckles appear (7)
23 Foreign work without translator still to be of use (5)
25 Done really well partly by expert (4)

Solution to Puzzle No. 5,143



FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
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Tuesday April 12 1983

Mr Reagan's failure

THE REAGAN peace plan for the Middle East never stood much chance of success. The failure of Jordan and the Palestine Liberation Organisation to agree to a joint approach to negotiations is largely the official obituary of a scheme in which most Middle East countries had ceased to believe. Even President Reagan himself has shown only sporadic enthusiasm for taking political risks in order to increase the chances of his plan's success.

The plan, as propounded last September, envisaged King Hussein negotiating with Israel on behalf of the Palestinians with the aim of securing autonomy for the West Bank and Gaza in association with Jordan. From the beginning it was rejected by Mr Menahem Begin, the Israeli Prime Minister. U.S. officials have eccused him of delaying Israel's withdrawal from Lebanon and speeding op Israeli settlemeots on the West Bank in order to undermine President Reagan's plan.

The reaction of the PLO to the scheme was generally oegative but more equivocal. Mr Yassir Arafat, the PLO'a chairman, tried to keep bis options open despite militant pressure from Syria and his own hardliners. Just bow far the latter are prepared to go was underlined on Sunday when Mr Issam Sartawi, e leeding PLO advocate of dialogue with Israel, was gunned down while attending a conference in Portugal.

Weakness

But the fatal weakness in the Reagan plan was not the influence of the PLO hardlioers. It was rather the more general belief among Palestinians and Arah states that the U.S. is not willing to put sufficient pressure on Israel. For this reason King Hussein demanded that Washington should get Israel to agree to pull out of Lebanon and to freeze the settlements on the West Bank before he would join talks. Neither has occurred.

The PLO and the Arab states know that the balance of power between them and Israel is beavily in favour of Mr Begin. The Lebanese war last year proved the political weakness of the Arab world. The Gulf states are more frightened of Iran than they are of the Israelis. Egypt, the most powerful Arab state, is still on the sidelines of Arab politics.

Without heavy pressure from Washington tnere is no reason for Mr Begin to make concessions to the Palestinians or anybody else.

This much was obvious last September when President Reagan first put forward his plan. It was also clear that be would have to take the difficult decisioo to offend some of Israel's political allies within the U.S. if be wished to convince the Arabs that he was serious. He failed to do so and thus undermined those on all sides who wished to start negotiations.

Even ao the PLO should have allowed King Hussein to start talks. It has little enough to lose as the murdered Mr Sartawi was fond of pointing ont. He is reputed to have remarked ironically at the Palestine National Council meeting in Algiers in February thet, if the PLO were to win one more victory like the siege of Beirut, then the organisation'e next meeting would be in Fiji. He has paid the price for his realism.

Dangerous

With the demise of the plan there is a temptatioo to see the Middle East prohlem as returning to square ooe. In fact the situation is more dangerous than this. Mr Begin may well feel that he has tested Washington's will to put pressure on him and found it wanting. This could lead to e speeding-up of the settlement programme, if nothing worse.

It is, therefore, all the more necessary that, even with e Presidential election epproaching, President Reagan should increase his presure on Israel to pull out of Lebanon and to freeze the settlement policy. It was his persistent failure to give substance to his rhetoric which doomed last September's initiative. He asked others, in Israel and the Arab world, to take political risks he would not take himself.

Possibly Israel's supporters in Congress would have prevented any real pressure being placed on Mr Begin to change his policy. In any case the administration did not try very hard. In Israel and the Arab world the belief grew that the peace initiative was a cosmetic exercise and this reduced its credibility. For that President Reagan must bear much of the blame.

A strategy for adult training

"OUR present system of training and associated education simply does not respond swiftly and flexibly enough to growing changes in skill requirements." Few if any voices will be raised in dissent to that statement by the Manpower Services Commission yesterday in its discussion paper on the desirability of improving the working skills evailable among the adult population.

The sentiment is one which has commanded virtually total agreement in Britain at least since the Crowther Report of 1959. Over the intervening quarter-century there bave been several ettempts to make the country's arrangements for training and associated education sufficiently flexible and responsive to deliver the skills required.

The hope in the 1960s was typically to achieve the desired end hy governmental measures. The main outcome was the statutory establishment of e network of industrial training boards, each empowered to levy employers in its industry for funds. Most of the money would he redistributed as incentives in the form of grants to employing organisations whose training activities gained the board's approval. This approach has been reversed by subsequent Conservative governments which bave successively dismantled the statutory machinery and returned the responsibility for training to the employing concerns themselves.

The commission's latest analysis of the problem is unusually frank — for e body representing central and local government and trades unions as well as employers — in admitting that neither of the epproaches has succeeded. The document also acknowledges that the prohlem of ensuring a sufficiency of appropriate ekills cannot be overcome entirely by training and associated education alone.

Employers often starve themselves of an adequate supply of the skills they need by restricting recruitment and training to people with high academic qualifications, even though these have been shown to be unnecessary for the achievement of competence in the work at issue. A similar effect arises from unions' restrictive practices. Nevertheless, while such blockages can be removed only by the managements and unions directly concerned, the commission remains sure that it has a decisive part to play "through puhlic intervention in the vocational education and training systems."

It is less sure, bowever, ebout what forms the intervention should take. Instead of building on previous experience with a programme for definite action, the document confines itself to appealing for the views of other interested parties oo questions which take us back to the heginning. For example, ehould future strategy "concentrate upon developing a system of training and associated education for the medium term that will prevent prohlems in the future, or attempt also to deal with immediate problems caused by structural changes in the economy?"

That question would have been non-controversial even a quarter century ago. The almost unanimous answer would simply have been: "Both." The only live issue for decades has been how the oecessary improvements in work skills can be achieved.

To be fair to the commission, short-term questions such as what skills are now most needed and which training methods can best develop them are too intricate to be answered accurately by e central agency. It is therefore wise in this respect to seek advice from bodies more closely in touch with the problem while confining itself to broeder tactical suggestions.

On the longer-term question of how training and educatioo policy can guard against further deficiencies in future, neither the commission nor the Government can pleusibly claim a need for more advice. The steps required have been set ont cogently, not least by the Government'a Central Policy Review Staff as recently as May 1980. The only need is for the political will to implement the long identified remedies, including healing the split by which education under the Department of Education and Science is treated as largely separate from the training activities which are the responsiblity of the Manpower Services Commission.

JAPAN'S PHARMACEUTICAL INDUSTRY

Tomorrow, the world . . .

By John Makinson

THE Fujisaki Institute would not be out of place in a James Bond film. Fitted out like a luxury botel and swarming with white-coated scientists, the laboratory complex is the idiosyncratic creation of an extremely wealthy and determined Japanese individual.

Like Dr No, Ken Hayashibara has breathtaking ambitions. The difference is that his technology is harnessed to humanitarian ends, while his chances of success look far greater than those of Bond's evil adversary. His most immediate goal is to discover e cure for cancer using domestic hamsters.

That is not as fanciful as it may sound. The scientists at Fujisaki, situated a few miles ootside Okayama in southern Jepan, are on the point of beginning clinical trials of two substances — tumour-necrosis factor (TNF) and carcino-hreaking factor (CBF)—either of which could provide a breakthrough in the treatment of cancer.

The Hayashihara Group, a century-old family dynasty of which Mr Hayashihara is president, is not strictly representative of Japanese pharmaceutical companies or of any companies anywhere, for that matter. The family itself has e long philanthropic tradition and began its research into life science after the 19-year-old Hayashibara took over the reins of the company following his father's death from cancer in 1964.

The company does, bowever, exemplify the intensive research and development work being conducted within Japan in the life science field and the country's sudden emergence as an international force in pharmaceutical drugs, an industry which has traditionally been dominated by U.S. and European companies.

According to Mr Robin Gilbert of stockbrokers James Capel, the Japanese pharmaceutical industry now accounts for roughly 20 per cent of all drugs under development in the world. A decade ago, he believes, the figure would have been no more than 1 per cent.

Compared with the giants of the industry worldwide, the Japanese companies are still in the second division. Only one company, Takeda, could claim a place among the top 20. Until now, the Jepanese have been constrained by the domestic emphasis of their marketing and the distance which they have needed to make up in research. Increasingly, however, they are turning their attention to the international markets. If the strategy proves successful, the Japanese drug industry might rival that of the U.S. by the end of the century.

Growth on that scale would, however, necessitate dramatic changes within the Japanese drug industry itself. At present, the country boasts 385 manufacturers of ethical pharmaceutical drugs, with no single company accounting for more than about 5 per cent of the market.

The remarkable growth in numbers testifies to the speed with which Japanese companies respond to the emergence of growth industries. Many of the leading forces in the sector have arrived there from industries which were pereceived to be either mature or in long-term decline. Hyashibara itself started life as a manufacturer of starch and remains primarily e producer of sophisticated food ingredients.

One of the most striking examples of diversification is provided by Ajinomoto, one of the country's largest food manufacturers. The company has applied its existing fermentation techniques to the area of biotechnology and is also entering the ethical drug market.

National health insurance covers virtually the entire Japanese population and pays for ebout 90 per cent of medical costs. The price of ethical drugs within the country is determined by the Government through a system known as the "reimbursement price mechanism." The therapeutic value of a new product is examined by reference to a comparable drug and its base price is then set at a premium, the size of which is determined by its apparent merits, to the existing product.

Rather than paying the company directly, the Government reimburses the prescribing physician at the given rate and the physician himself pays the company—after taking e negotiated commission. In practice, the manufacturer would typically receive 65 per cent of the posted reimbursement price.

As a product matures, the reimbursement price is revised downwards towards the market price, limiting the profit margin for manufacturer, wholesaler and physician.

Besides placing great stress on the constant development of new products, which carry higher margins, this system leaves a great deal of influence in the hands of physicians. The Government is constantly revising the detail of the machinery but the reimbursement price mechanism remains at the core of the Japanese drug industry.

The structure of the pharmaceutical industry in Japan tends to encourage fragmentation and to place great strains on R & D departments. These strains have, on a few occasions, produced appalling results. The most celebrated example is that of Nippon Chemiphar, a medium-sized pharmaceutical company which last year admitted submitting false data on no fewer than seven drugs in order to secure official approval.

More generally, there is e danger that Japanese companies will spread themselves too thinly in their research and development work. Yamanouchi, a middle-ranking but rapidly growing company in the sector, is conducting research work in eight different areas, from antibiotics to bio-technology.

The group is already spending Y9bn, or 9 per cent of sales, annually on R & D and expects the proportion to average over 10 per cent during the next five years. Yamanouchi's president, Mr Shigeo Morioka, is quick to justify this grapeshot approach. He says it is important that research divisions are highly competitive with each other and expects, each year, to select two out of the eight areas for further heavy investment.

Mr Morioka wants to accelerate the learning process among Japanese research personnel and believes that U.S. and European companies have often concentrated on developing too narrow a range of products. Hoffmann La Roche, he says, was extremely successful in the field of mild tranquillisers but waited too long before diversifying its research effort.

The Japanese strategy does have its drawbacks, however. Pharmaceutical companies in Jepan pay corporation tax at an average rate of 65 to 70 per cent, well above the standard rate and roughly double that paid by U.S. companies. This partially reflects the absence of tax allowances for promoting and marketing costs but also results from the very modest tax shelter available for R & D work.

A more fundamental worry is that the pharmaceutical market within Japan will be unable to sustain the number of products which will flow from this research work. The domestic market is admittedly growing at around 10 per cent e year and the momentum will probably be maintained through the rapid ageing of the Japanese population. The proportion of the population aged 65 or over is likely to heve increased from 7.1 per cent to 15.6 per cent from 1970 to the end of the century.

But because of its scattered approach to research, the Japanese industry may find that it is developing sophistication of existing products which do not finally justify the development cost, rather than making fundamental breakthroughs which more concentrated research in the U.S. is likely to yield.

So, in order to cover its R & D expenditure, the industry needs to seek out international markets. Japanese companies have already put their toe in the water, establishing licensing and partnership agreements with U.S. and European counterparts. Even so, Japan remains e substantial net importer of pharmaceutical drugs.

This situation is likely to change. Japanese expertise was concentrated a few years ago in the antibiotics area but, according to Mr Toshiki Sada of the Nomura Securities Company in Tokyo, is now hroadening to cover a wide range of products, including cardiovascular and anti-cancer agents.

The dilemma for the Japanese industry is whether to proceed in the early stages with cross-licensing agreements, joint ventures or direct marketing. The disadvantage of the first option is that the return to the Japanese company is likely to be very small, with most of the profit going to the foreign marketing partner. The joint venture route might produce higher profits but would also result in the surrender of technology to the partner company.

Eventually, Japanese companies may opt to establish their own substantial marketing forces in target countries. That would only be economical, however, if the volume of sales was sufficient to warrant it. Yamanouchi estimates that its foreign sales will total $100m in five years time, but this would still not be sufficient to justify the development of a sales team which could compete head-on with that of, for example, Eli Lilly or Smith Kline.

The Japanese drug companies must certainly have learned from other successful industrial sectors—most notably the motor companies—of the edvantages of economies of scale in developing overseas markets. For the time being, progress will be slow.

But, over the longer term, the Japanese industry may overcome its historic resistance to mergers and takeovers, leading to an industrial concentration which would provide the financial muscle for full-scale international expansion. At the same time, the structure of the domestic market is likely to loosen, while research and development work may need to become more carefully targeted.

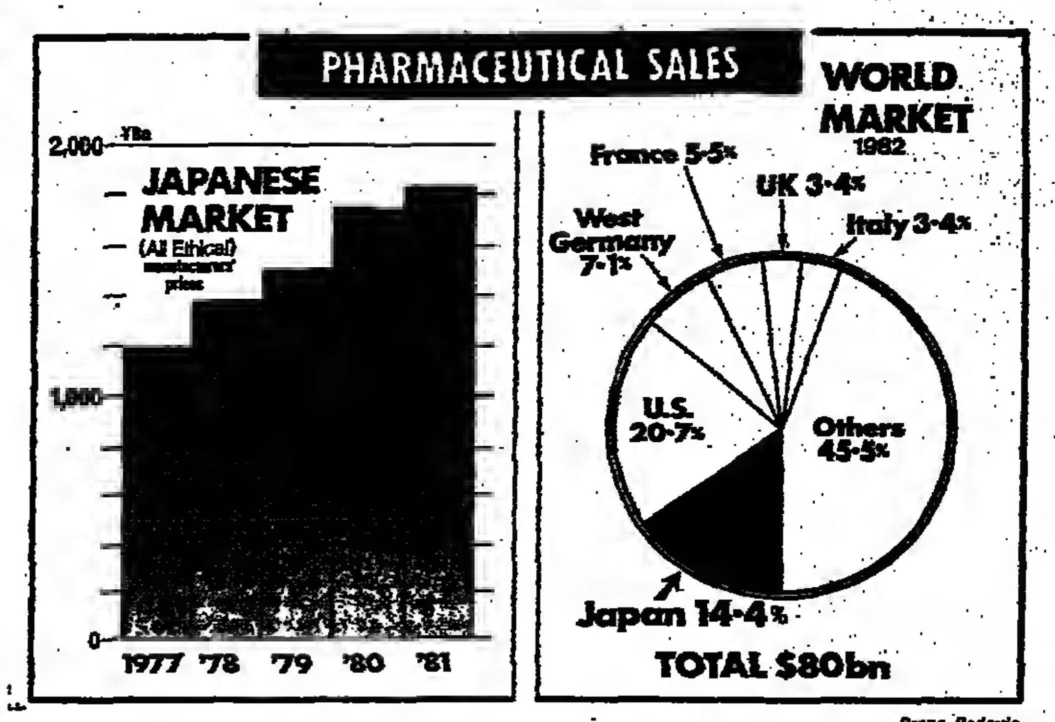
In order to secure outlets for their products overseas, the Japanese may have to make their own market more accessible to foreign companies, which are at the moment confronted by very stiff registration procedures and a tortuous distribution system. One thing, bowever, is certain. By the end of the century, the Japanese industry will be equipped with an armoury of products to take on e world market worth $80bn a year and growing fast.

JAPAN'S LEADING COMPANIES

(% share of Japanese pharmaceuticals market)

Takeda	5.4
Shionogi	5.3
Fujisawa	4.7
Sankyo	4.1
Eisai	3.5
Taiho	2.9
Green Cross	2.6
Yamanouchi	2.5
Meiji Seika	2.5
Daiichi	2.5
Chugai	2.3
Tanabe	2.3
Kyowa Hakko	2.2
Toyo Jozo	2.0
Otsuka	1.9
Pfizer	1.7
Banyu	1.5
Toyama	1.5
Mochida	1.5
Bristol-Meyers	1.4

Source: Industry estimates



Brana Radovic

THE HAYASHIBARA HAMSTER

HAYASHIBARA has developed a strain of hamster which can he multiplied almost ad infinitum. In the past, hamster multiplication has been complicated by the tendency of mother hamsters to eat their young when disturbed.

The newborn hamster is implanted with human cells, which then grow until they match the host cells in the hamster's body. The hamster is then bombarded with virus and stimuli. The human cells release a number of hioactive substances which act as warning messengers to other vulnerable cells. One such substance is interferon, once highly regarded as a potential cure for cancer but now produced by several companies, including Hayashibara, principally as an anti-viral agent, with some likely applications in the anti-cancer market.

By varying the stimulants and developing new cell combinations through cell fusion technology, Hayashibara is able to extract a wide range of different substances from the hamster. Although these are secreted in miniscule quantities, the company is able to produce them on a commercial scale simply by increasing the number of hamsters.

By the middle of this year, Hayashibara expects to he "farming" 50,000 hamsters, half the world population of laboratory hamsters, and sufficient to produce meaningful quantities of both CBF and TNF, its anti-cancer substances.

Hayashibara is by no means the only company working on TNF. It was first developed in the U.S. in the mid-1970s hut no method of effective and economic purification and production has until now been found. CBF, probably the more promising of the two, in Hayashibara's view, several ten-thousandfold more powerful than interferon, is unique to the Japanese company.

The main threat to the commercial application of the two substances is contamination from the hamster cells and carconogenic cells present in the hamster. But Mr Masashi Kurimoto, the director of Fujisaka Institute, has so far found that the present of contaminant matter is too small to measure. In theory, at least, both substances could he on the market by the mid-1980s.

Men & Matters

High cards

When people mention the Hudson Institute — hotbed of futuristic boffins on the Hudson River, New York — they are thinking usually of some new nuclear weapons strategy which is being devised for the Pentagon by Dr Herman Kahn and his band of strategic thinkers—known to some as "Herman's Hermits."

But et e lunch in London yesterday American Express revealed that it recently asked the Hudson thinkers to come up with e look et the financial services industry in America.

The result is a weighty study which takes the "American Express; that will do nicely" trade into the realms of sociology.

It eppears that the postwar baby boom will soon affect the credit card business. Harry Freeman, e senior Amex executive, says it is already beginning to change the demographics which govern Amex'e consumer husiness.

The Hudson Institute study comes up with some interesting prose for its client: "The youth generatioo that hrought vigour to the culture of the 1960s, and showed its me-orientation in the 1970s, is maturing in the 1980s and again is having an enormous influence on the valnes of society."

Whet all this means is that the credit card holders of the future will be choosy people. Freeman says, "our research confirms that high interest rates have been hurned into the psyches of our customers forever." He says we are now living in e society where customers shop around for lower interest rate loans.

Apparently the financial services industry is also looking hard at the divorce rates. It has declined during the recession, thus materially altering etrategic calculations for the financial services people.

The boffins in this growing industry now intend to spend more time focusing on the "harried leisure classes" — which, according to the study, are those 1960s hippies who now find themselves squeezed into pinstripes.

Gold stars

Finding it difficult to predict the price of gold? Then consider this.

The chairman of gold mines managed hy Gold Fields of South Africa, which is controlled by Consolidated Gold Fields, have received a letter from e U.S. investor asking them to supply the date and place of incorporation of their companies, as well as the time of day it happened "if available."

The investor writes that he uses several analytical tools to select his share portfolio—including astrology.

Pets policy

Lloyd'a of Loodoo is undertaking a risk that may help to brighten its image with the British public—it has agreed to cover the bills for the psycho-analysis of dogs.

Pet Plan, the company which insures more than 50,000 cats and dogs, can now pass on the wacky pets of its policyholders to the three or four animal psychiatrists who attempt to cure dogs of anti-social hehaviour. The knack, apparently, is to wipe the animal's hrain clean and start again with the orders.

The British might he animal mad but they do not fall over themselves to insure their pets. There are only around 100,000 policies taken out to cover things like vets' fees though the cat and dog population is estimated at around 10m.

Patsy Bloom, who runs Pet Plan, has made a good enough living out of it, bowever, since she began the business in 1976. Turnover this year could reach £1.5m.

She has just opened in the U.S. and has alreedy received her higgest-ever claim. The third best German Shepherd in the country bas passed away in transit and Pet Plan stands to console its owner with $14,000. In the UK most of the policies merely cover vets' bills for a £20 a year premium, hut there is another German Shepherd which carries a £6,000 value tag on its collar.

Closed shop

Jersey people wanting to shop at the electrical store Curry'e will have to make a 50-mile round trip to the neighbouring island of Guernsey.

Curry's has been rebuffed in its attempt to add e Jersey branch to its 515 UK retail outlets on the grounds that the island can get on as an economic unit without the benefit of another electrical store.

The chain store group has failed to pass the stringent tests to open a oew business oo the island even though it has promised to employ local people.

Curry's paid £300,000 for a building near St Helier's main shopping centre expecting that there would be no more difficulty opening on Jersey than there has been some years ago when it set up a Guernsey branch.

But the chain store did not bargain for Jersey's Regulatioo of Undertakings and Developmeot Law. This powerful piece of local legislation introduced eight years ago gives the euthorities control over the opening of new businesses—particularly those put up by firms from outside the island.

The original purpose of the law was to slow down immigration by ensuring that not too many new jobs were being created on an island which measures only nine miles by five miles et high tide, and is already overcrowded.

But the main criterion these days is whether a new business from "outside" is economically worth having in terms of the Jersey economy.

To its annoyance Curry's does not qualify.

Up to the mark

An imperturbable figure amid the ups and downs of big business is Barry Lane who has heen selling the products of Otis Elevator (UK) for over 20 years.

He recently logged his 1,000th sale. International insurance brokers, Sedgwick Group, has figured in one of his higgest deals: 18 escalators sited in an atrium will be a feature of its new head offices in Buckle Street in the City, the first such installation undertaken in Britain.

But Lane still talks of one order that got eway. It is e traditioo of the Household Cavalry that on dining-in nights the adjutant rides into the mess on his borse. When the Hyde Park Barracks were being built in the 1960s it was planned to give the officers' mess commanding views over London and there was talk of installing a lift hig enough to take e man oo horseback up to the top floor. Lane quickly demonstrated the feasibility of such a project, but the War Office shied away when told how much it would cost.

Phrased out

Did yon bear about the Red Indian squaws on an American reservation who swap husbands periodically? They call it passing the buck.

Observer

Letters to the Editor

The myth of Kondratieff

From Mr A. Searle

Sir,—Could I be allowed a brief quotation from Alexis de Tocqueville as a complement to the perceptive articles (April 7) by Mr Samuel Brittan and Mr *John Lloyd on the Kondratieff* trade cycle and Karl Marx? It is quoted in The Faber Book of Aphorisms.

"I have come across men of letters who have written history without taking part in public affairs, and politicians who have concerned themselves with producing events without thinking about them. I have observed that the first are always inclined to find general causes, whereas the second, living in the midst of disconnected daily facts, are prone to imagine that everything is attributable to particular incidents, and that the wires they pull are the same as those that move the world. It is to be presumed that both are equally deceived."

The Founding Fathers of the U.S., and mnch more so the scholars who inspired them (such as Montesquieu, Hume, Locke) would be appalled ware they able to return and survey the scene in that country today. Even more shocked might be Marx or Engels, or any other 19C left-wing pedant, could they *come back and witness* the practical (and not theoretical) form which socialism has taken in the Soviet Union.

In the same way it is hard to believe that the levers or wires pulled by the various heads of government throughout the world, what ever be their place in the political spectrum, are those which really move and make history.

Perhaps just as the true nature of time, the origin of the universe or of life itself, remain (and will remain) unfathomable, so will always be a mystery, an unknown factor, the real motor of history. Maybe it is better so, for with such infinite powers man could render his situation even more fraught with danger than it is already.

Alan Searle.
67, Fitzgerald Road, E11.

From Mr T. Clarke and others

Sir,—The late economist Fritz Schumacker is alleged to have commented that "if he had been God he would have designed events in nature so that some were cyclical and some were not. He would then have left mankind to discover which was which."

The "Kondratieff" or "long wave" of aproximately *half* a century, *alleged* in certain economic and other activities is probably the best example of an area in which this search and debate continues. It is unfortunate therefore that a commentator of such note as Samuel Brittan (April 7) should *attribute* to Kondratieff followers the type of fatalism conjured up by "the belief that mankind is in the grip of mysterious forces which it is powerless to change."

As researchers in this area, there are many points in the article with which we would disagree, but we will confine our comments to the underlying misconceptions revealed in the article.

The Kondratieff Cycle is no more "predetermined" than any other economic cycle. The duration of all economic and other cycles in nature vary, reflecting the immediate specific influences which affect them. Both Kondratieff and subseqoently Schumpeter were aware of this. Consequently, the Kondratieff cycle should not be used mechanistically for prediction but as a framework within which probabilities can be established.

Whether wars cause the Kondratieff cycle as the article suggests, or vice versa is perhaps less important than the basic recognition that the causes of wars are connected in some complicated and so far ill-understood way to economic and social changes in society.

The approach to cycles research is not just economic. Much of it emphasises non-economic cycles, such as the weather, technology, transport, energy and demography.

The lack of agreement amongst Kondratieff followers mentioned in the article may be likened to that amongst economists, neither of whom will be helped by articles such *as this one*, which are based partly on a misconception of Kondratieff's and Schumpeter's own beliefs and partly upon e determination to take a narrow cyclical economic view—not at all like that used by Kondratieff followers.

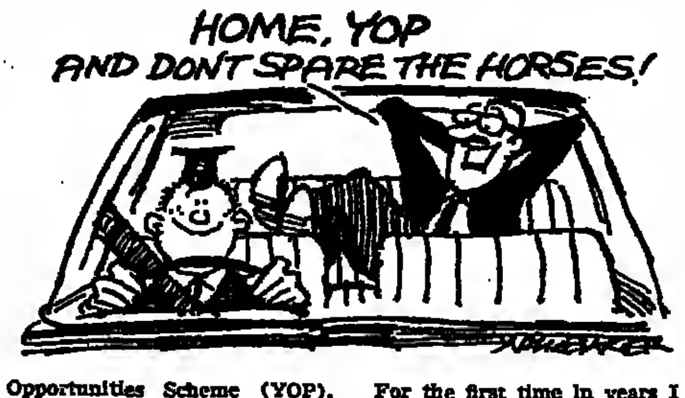
The U.K. Cycles Network, M. Brett, T. Clarke, D. Dodd, R. Head, M. Hughes, L. Soete, B. Wood,
c/o 11 Westbourne Terrace, W2.

Lost licence–productivity gain

From Mr H. Birks

Sir,—I recently was foolish enough to give the courts an opportunity to take away my driving licence. I assured the magistrates *that my business* would colapse overnight if I couldn't drive. They were wisely unmoved by my plea and banned me for six months.

The problem, however, was severe. I hed averaged 35,000 miles a year, and needed to get around. The obvious solution was a chuaffeur, but how to afford one? Enter stage right, a fairy godmother in the form of the Manpower Services Commission (MSC). One can employ a school leaver on tho Youth



Opportunities Scheme (YOP), the cost of whom is reimbursed by the MSC. All I had to do was take *on a YOP as a personal* assistant who could drive and my problems were solved.

"Exploitation!" I bear you cry. "Abuse of the system!" echoes around my head. Consider e little longer however.

The YOP does indeed on occasion spend the best end of his day driving, but in the process is learning a vast amount of how business is run. He learns details of my business he could get no other way and he also gets n broad overview, because whenever *possible, I take him* with me into places I am visiting. When I am at my desk, he is in the office or the workshop learning the job from the bottom end. Consequently, if I picked e reasonably bright YOP to start with, I should end np with e very useful person indeed.

Apart from these obvious advantages however, I have discovered a major unexpected benefit from the transaction. I can sit in the back of the ear. "So what!" you may retort. Well, sitting in the back I can work. I *can write reports and letters* and prepare quotes. I don't have a phone ringing in my ear so I can get on with it. I can write letter and quotes immedietely after visiting a customer while all is fresh in my mind, leaving only specific costing details until I get to the office. Not ony that, I arrive on my customer's doorstep as fresh as a daisy, and I get home at night minus that feeling that someone bas worked me over with a length of hose pipe.

For the first time in years I am getting on top of my workload, my productivity has probebly gone up by e third.

I would suggest to all businessmen, who cover a considerable annual mileage, that they seriously consider taking on e chauffeur. Even if they don't get a YOP, the employment of a *suitable school leaver* at *today's* labour prices must pay *for itself* in *productivity* terms alone, without considering the benefits to health that the removal of the atrain of driving can bring.

The incidental benefit at a national level in the reduction of unemployment, and the creation of e useful group of young people with an overview of business can only be to the advantage of all of us.

H. R. Birks.
Niche Division of
Birks Creasy and Cockayne,
Unit 17, Broomhills Industrial Estate, Braintree, Essex.

When men are generally foolish

From Mr D. Eddy

Sir,—Women's obsessions, paraded in the media (Chris Dunkley, "Men beware women," March 30), *concerning their* "freedom," or lack of it—as women rather than individual and social buman beings—has now reached such a pitch that a more radical interpretation of the pbenomenon may now be due.

I suggest that anxieties concerning sexual roles occur at times of crisis preceding social and technological change. It is arguable that women being more sensitive to and anxious abont the dangers that confront us (of which nuclear war is only the most salient), when faced with these dangers, and the general attendant sense of ambiguity concerning life's goals, become impatient and provocative to their traditional protectors and providers—men. Interestingly, in the authoritarian Soviet Union where women have done "men's" jobs for several decades, but where "freedom" is interpreted differently, to say the loast, there is little evidence of feminism or antagonism towards men generically.

In effect, in the West feminism is a form of rejection—the same kind of rejection that women have always practised whenever men were found wanting in wisdom and practicability or had become generally foolish.

What women, for me, are saying is that our society is confused ebout its goals and values and they will put increasing pressure on their menfolk until those goals and valnes are clarified. Let us bope that the form of that clarification is neither the Cromwellian repression that followed the English Renaissance nor the current state dictatorship of the kind found in the Soviet Union.

David Hamilton Eddy.
8 Glenloch Road, NW3.

Delays in the county court

From Mr M. Posner

Sir,—Referring to Mr R. Wright's letter (March 31) I would like to highlight two further difficulties I have encountered when taking proceedings against debtors.

The Lord Chancellor's department will not allow costs in any action under £600 which is commenced in the High Court. The result of this rule is that the county courts are overworked and actions delayed.

In my experience, debtors conclude that creditors will not be bothered to take proceedings for small debts as the cost of administration is high, so the county court system actually gives debtors a good deal of extra time to delay making any payment.

M. S. Posner.
4 Johnston Court, Woodstock Road, Croydon, Surrey.

Carpet making in Belgium

From the Managing Director, Michel Van de Wiele

Sir,—We have read with interest the article by Mr Anthony Moreton, your Textile Correspondent (March 15) on the UK carpet industry. As Europe's leading manufacturer of carpet weaving machines, we feel we should clarify what appears to be a basic misconception.

He says: "Even allowing for a weak Belgian franc, no one in the British industry can work out how the Belgians can produce as cheaply as they do, given that their wage rates ere amongst the highest in Europe."

The answer is quite simple and straightforward. The policy of the Belgian carpet industry is one of continuous investment in new high production machinery.

The industry has a young labour force, operates under extremely economic conditions and with low overheads. Specialised processing, such as yarn preparation, dyeing and the finishing of carpets are generally carried out by specialist independent firms on e commission basis. Our woven carpets and rugs are prodnced mainly on the Wilton-type fece-to-face principle on machines up to 4m wide with rapier insertion, one weaver and one creeler looking after two of these wide machines which operate in excess of 70 per cent efficiency. This is very much cheaper and more productive than conventional Axminster looms used by the industry in the UK.

Jan Van de Wiele,
B-8510 Kortrijk-Marke, Belgium.

Overdue repayment of VAT

From the Chairman, The Live Services Group

Sir,—I refer to the details you published (March 24) concerning the "Committee on enforcement powers of the Revenue departments." While of importance to all trading and individual taxpayers we are equally concerned to find no mention in your report of Inland Revenue or Customs and Excise willingness to recognise that their staffs do make mistakes and the ability of the individual or trader to obtain even reasonable redress.

Our group is still awaiting e reply from the VAT unit at Southend regarding a repayment delay and as to how this has occurred. In reverse we would be required to pay interest on any overdue sums. The Government must make every attempt to deal with this sort of situation if it is to receive the co-operation from both traders and individuals without extensive powers being sought. It is the writer's belief that we are moving in the wrong direction leading to many cases of injustice.

R. Dini.
345a, Station Road, Harrow, Middlesex.

Safeguards for the taxpayer but the odds are on the Revenue

From Mr R. Nott

Sir,—People must understand thet if they are honest the Inland Revenue is on their side. If the bonest are not to pay more the Revenue must chase defaulters and to do that *it* must have very wide powers. Few, if any, people, over-declare their income. Many under-declare.

Those wide powers which the Revenue must have inevitably result in honest taxpayers being asked searching questions from time to time. These questions are often a source of more than irritation to the honest taxpayer but if they are not asked the guilty will not be traced and the honest man will pay more than his dne in tax. If those wide powers are sometimes abused, that is the nature of bureaucracy — but it must be remembered that the Revenue does not invent the rules. Parliament does.

I note from the Keith report *that the taxpayer is to be* given greater safeguards against the Revenue. That is right; but they are of value to the taxpayer only if he can enforce them easily. Enforcement through the courts is beyond the power both in time and money of any but the richest individual taxpayer or a corporation. Enforcement should be possible by appeal to the general commissioners who meet locally and before whom a taxpayer can appear in person and without the cost of legal representation.

But enforcement implies penalties. Who is to penalise the erring Inspector of Taxes?

It is easy for the Revenue to identify the self-employed from their returns. To identify PAYE moonlighters is much more *difficult. I trust the Revenue* will be instructed to take not only the easy but also the difficult course. The self-employed have anyhow had a fair "going over" in recent years. The self-employed include the "lump" a source of annoyance to both the Revenue and the TUC. It must however be remembered that the self-employed, including the "lump," are largely those who are prepared to work harder and longer for their reward than are many PAYE taxpayers. The nation needs that. In due time Parliament should ask for separate details of the results of the Revenue's investigations of the self-employed and of the PAYE taxpayers.

The declaration on the P1 form which the PAYE taxpayer signs, is so bland that to the layman it might be e receipt for a bottle of aspirin on the NHS, rather than a declaration which could lead to prosecution. The reference to prosecution is tucked away in a corner. I note that this form is to be strengthened. I feel that the alterations now proposed are the most likely method of producing results.

I feel that the present practice of asking taxpayers to consider the completeness of their returns is sound. I note that suitable cases of moonlighting are *to* be prosecuted. I hope that the cases to be publicised will be not only the spectacular ones, but also cases where maybe small matters are concerned, but which will be noted by those who are doing mueb the same as the accused.

Every business is to be required to keep the necessary books and records. Most self-employed people do, but this is often very difficult for what one may call "the very small man" to whom office work is a burden, although not always as difficult as he makes out.

Presumably this requirement is to apply to the moonlighter who, say, does odd jobs as a barman, or who paints his neighbour's bouse. Who is to say that bis books ere complete? I have no doubt that the smart boys will rapidly produce books of e sort.

One thing must however be guarded against. That is that the tax lews become so complicated and so stringent that even the smallest taxpayer is forced to employ professional advice to complete his return.

Employers are to dednct half the tax from casual employees. *That sounds right*, but who are "employers" and who "casual employees?" But what about the private citizen who occasionally employs a man to do odd jobs in the garden? And what abont tha housewife with ber "daily" who comes once a week? Deduction of tax implies giving a certificate of deduction. The terms "employer" and "casual employee" will have to be carefully defined if the proposal is to be practical.

Despite all the safeguards for the taxpayer, inevitably the odds are weighted in favour of the Revenne which always bas the resources to go to the highest court.

Robert Nott,
Englefield Cottage,
Hurtmore,
Godalming, Surrey.

Reporting against the odds

A journalist in Moscow

By Anthony Robinson in Moscow

Last Friday the Soviet Union gave Anthony Robinson (right), the FT correspondent in Moscow, a week to leave the country. Here he describes the difficulties of reporting in a country where Western journalists face major restrictions.

HIGH above the rooftop of a stuccoed 19th century apartment block looking down on the Belorusski station in Moscow is a neon-lit slogan coined by Lenin. It reads: "The newspaper—collective propagandist, collective agitator and above all collective organiser."

That is the definitive word on bow the Soviet Union sees the role of the press in a Communist totalitarian society. Under the circumstances, it is little wonder that relations with the Western press are strained at the best of times and frequently downright hostile.

Indeed, it is legitimate to ask why the Soviet Union allows Western correspondents to come bere at all. Partly, of course, it is a matter of prestige. Moscow wants to have its views given as wide a coverage as possible.

But the Soviet media, conceived as "propagandist, agitator and organiser", is frequently so boring that those in charge of Soviet propaganda must know that without the skills of the Western press in selecting, analysing and presenting news in a readable form, their views would hardly have an *impact* on world opinion.

At best the Soviet anthorities only give grudging, and far from complete, acceptance to the principle that it is the right of the newspaper, radio or TV station to chose its own representative. Western media often find that the Soviet authorities refuse to accredit their chosen correspondent. A case in point is that of the BBC, wbo have been trying for some while to bave Mr Mark Brayne eccredited, so far without *success*.

Once accredited, the correspondent is bedged around with innumerable restrictions. Members of the Western Press corps live, like the rest of the foreign community, in special ghettoes with e militiaman on duty at the *entrance 24 hours a day*. He telephones back to base on every movement in and out, cbecks the identity of any stranger and scrutinises every guest. Everybody in Moscow assumes as a matter of course that all telepbone and telex communications ere monitored and listening devices ere embedded in the walls, although formal censorship was abolished by Khruschev.

Last summer direct automatic telephone links, installed for the Moscow Olympics, were withdrawn and now all foreign calls must go through an overloaded central switchboard with long delays and frequently no connection et all.

Correspondents, like diplomats and other members of the foreign community are limited in their movements to a 40km radius of central Moscow. But even within this limited zone large areas are off-limits.

Vast areas of the Soviet Union are permanently closed to foreigners, including Warsaw Pact diplomats and journalists. Some contain military factories and installations, some are frontier zones and others are presumably so economically backward that the anthorities are embarrased to let them be seen.

Permission has to be sought from the Foreign Ministry to trevel beyond the 40km limit, complete with a detailed itinery. Usually permission is granted. But if for any reason the enthorities do not want foreigners to visit somewbere they can turn down the request.

As a signatory of the Helsinki final ects, with their provisions to fecilitste the work of journalists, the Foreign Ministry sometimes organises visits to other parts of the Soviet Union. Selection of who goes on these trips is et the discretion of the ministry which in this way is able subtly to reward or punish those it favours or dislikes.

During my 12 months in the Soviet Union I have been on only one such trip, a fascinating and well organised visit to Yakutia. I also received one other invitation to visit Belorussia which I was unable to accept.

In many ways the Soviet euthorities prefer to organise visits and interviews for non-specialist, visiting journalists than for permanently accredited *correspondents*. The *Financial Times* now insists that the Moscow correspondent be ellowed to eccompany eny London-based journalist who visits the Soviet Union courtesy of Novosti, the Press and propaganda agency, and thanks to this I also visited the Siberian gas pipeline project recently.

Attempts to cultivate direct contacts with Soviet officials in Moscow have not been very successful. Letters requesting interviews with Gosbank, Gosplan, Comecon and other institutions have gone unanswered as bave requests to visit the Kama truck plant and the Togliatti car plant, or to discuss China policy, the Middle East and Latin America with relevant officials.

There are clear signs however that Mr Yuri Andropov, the new Soviet leader, is well aware that the country has an "image problem." One of his first moves was to shake up the propaganda machine, merging the information and propaganda departments of the central committee and trying to ensure speedier reaction to Western moves and news developments affecting the Soviet Union.

The fact that Mr Andropov, with his KGB background, has also chosen the issne of "corruption" as his stalking horse to remove Brezhnev eppointees and build up his own power base has also meant that the Soviet press has, with increasing frequency, shed light on fraud, abuse of power, incompetence and, at the same time, some of the surpressed vitality and resourcefulness of the parallel economy.

His pre-occupation with the parlous state of the Soviet economy, with the drunkenness, lack of motivation, and bad management of the labour force and absurdities of the stalinist central planning system, has also been reflected in increasingly outspoken and penetrating analyses of what is wrong with the economy.

This illumination is not meant to make the job of the foreign correspondent easier. It is primarily aimed at the domestic audience, which is supposed to be propagandised and presumably spurred on to greater things by these reveletions.

But it is not possible to stop the foreign press reading the same newspapers, and monitoring the same radio and television broadcasts as the rest of the population.

Thus the raw material available to the foreign press corps is now more interesting and enables it to provide more realistic "warts and all" coverage, not only of domestic events but also, for example, of the war in Afghanistan. The fact that this information is emerging as part of e subterranean struggle within the Kremlin as e new leader seeks to consolidate his power makes it doubly intriguing.

The overall picture that is emerging is of a buge country ham-strung by a deep seated egricultural crisis, fighting e bloody diversionary war in Afghanistan, uneasily eware that the technological revolution is passing it by whilst its bard currency earnings ere dropping and its ageing leaders fight among themselves.

This is not a picture which the Soviet Union wishes to portray to the world outside. It wants to show itself as military strong, politically united and economically prepared to match the Americans rouble for dollar if need be on the arms front.

To retain this image of itself et home, Russia bas to jam foreign radio broadcasts, limit foreign newspapers to foreign tourist botels or the elite specialists and to control its entire media at the centre.

FINANCIAL TIMES
Tuesday April 12 1983

FN omits dividend as net income tumbles

By Paul Cheeseright in Brussels

FABRIQUE Nationale Herstale (FN), the major Belgian arms manufacturer with substantial sporting goods and industrial equipment interests, is passing its dividend for 1982. Net income has tumbled to BFr 8m ($166,000) from BFr 102m in 1981.

The immediate outlook is unpromising. Results this year ere expected to be much the same, with recovery appareot only in 1984 and 1985, FN said yesterday.

The group paid a dividend of BFr 100 a share in 1981. This is a reversal to the situation of 1980 wben five years of profits growth and high dividend payments were checked by a slide into loss.

The only aree of growth likely this year is in research and development expenditure, which is hudgeted at BFr 530m, or 20 per cent more than last year. But investment will be down at BFr 600m after BFr 939m in 1982, BFr 812m in 1981 and BFr 1.3hn in the lean year of 1980.

Over the last two years FN has cut its workforce by 11 per cent to 9,000, but of this total between 25 and 60 per cent are on short time. Only one part of the group's activities, ammunition, has remained unaffected.

Total sales of the group last year, at BFr 22.8bn, fell just short of the expected BFr 23.2hn. This year the company expects sales of BFr 23.8hn, a figure which, once discounted for inflation, suggests a static performance.

Despite extensive diversification in recent years, FN is dependent for nearly 40 per cent of its sales on weapons like machine guns and rifles. Although the demand exists, the ability to pay for them has waned.

Many FN sales are in the Third World, where balance of payments and debt problems have become particularly acute.

But the same problem, from FN's point of view, spreads into its aeronautical engines division, which makes jet engines for the F-16 fighter aircraft in line with an association agreement with the U.S. manufacturers, General Dynamics and Pratt and Whitney.

The number of F-16 sales is lower than FN expected, reflecting not only the financial problems of the Third World but the relative slowness of the arms build-up in Western Europe and the decision of countries like Spain to buy other aircraft.

Most oil companies 'accept BNOC price'

BY RICHARD JOHNS IN LONDON

THE British National Oil Corporation (BNOC) yesterday announced that its proposal for a $30 per barrel reference price for North Sea crude from March 1 had been accepted "by an overwhelming majority of suppliers and customers."

Approval for April and beyond by most companies has been made conditional on the market continuing to support the new rate, which many of them considered too high wben it was recommended by BNOC on March 30.

The firming-up of spot prices last week, however, has made it look far more tenable.

At the same time, Tricentrol, the UK independent, was understood to be withholding acceptance of the $30.50 recommended for February retrospectively by BNOC in the middle of that month.

Awaiting the outcome of the impasse between BNOC and Tricentrol, other suppliers, which never assented to this price and received the old rate of $33.50, have bedged their acceptance with the condition that they should be left no worse off than any other producers.

The issue has been complicated by a legal wrangle over whether BNOC informed suppliers – as opposed to customers – correctly and soon enough of its intention under various participation agreements.

Tricentrol claims that BNOC did not. Its position is supported by a number of other companies, including Britoil, which also complains of not being consulted about the proposal for February until after BNOC had had extensive discussions with customers.

BNOC is satisfied that it gave due warning and still evidently hopes for an amicable settlement. Under North Sea participation agreements any failure to agree can be resolved through arhitration by an independent expert.

Tricentrol if it decides to hold out, would probably be reluctant to take this course. Its position would not, on the face of it, be a strong one because any sale on the spot market during February would have been unlikely to raise much more than $29 per barrel.

In this situation BNOC might have to resort to legal action to recover the difference, which is thought to involve $800,000 to $900,000.

BNOC expects the $30 reference price to be maintained into the second quarter and is confident that market conditions will make this possible.

Qualifications – apparently made by all the oil companies including British Petroleum – about its validity from April 1 onwards, should not threaten complications as great as those relating to objections to the February price.

Although the wording of participation agreements between BNOC and producers vary, the general principle embraced hy them is that the price for any quarter can be reviewed in mid-quarter if there is a significant change in market circumstances.

After their big gains last week, prices on the spot market rose marginally. Brent was at $29.80–$29.85, giving mid-point of $29.82, np 10 cents on Friday's level, while Arabian Light improved by 8 cents to $28.80, compared with the official selling rate for the Organisation of Petroleum Exporting Countries' reference of $29.

Nigerian Bonny Light, however, was down 8 cents to $29.82 following its 80-cent jump on Friday.

Yesterday other oil companies decided to follow the lead given late last week by Shell and British Petroleum in cutting financial support for UK dealers, with the aim of raising the price of four-star petrol sold in urban areas to £1.79 ($2.73).

The higher rates will be charged by outlets of Esso and Mobil

Pegi lifts stake in Dunlop Holdings to 26%

By Charles Batchelor in London

PEGI, the Malaysian investment group, yesterday bought a further 6.5m shares in Dunlop Holdings, the troubled UK tyre group, taking its stake to 26.1 per cent.

This came only two weeks after Pegi bought 7m shares in the British company in a move which was believed to have been made for technical accounting reasons to give Dunlop associate status in Pegi's accounts.

Despite what Dunlop claims to be close links with the Malaysian group, which is part of the business empire of Mr Ghafar Baba, a former politician, the company was yesterday in the dark as to Pegi's motives for raising its holding further.

Asked the reasons, Mr Roy Marsh, Dunlop's corporate affairs director said: "It is a good question. They clearly want a significant stake and they must regard us as a recovery prospect.

"It is highly unlikely they will make a full bid. I can't explain why they have picked up another five per cent. They may go another point or two higher up 29.9 per cent."

Dunlop was informed of the purchase last week but was not told the reasons for the move. The company believes Peggi lacks the industrial management expertise to seek full control.

Dunlop conceded, however, that the Pegi purchase was "in a sense suspicious." Beyond 29.9 per cent Pegi would be required to make a full bid for Dunlop.

Pegi, and its majority shareholder, a company called Goodyield Plaza, built up their original 17 per cent holding in Dunlop in 1980 in some secrecy.

Rumours of a takeover hid prompted the UK Department of Trade to send two inspectors to the Far East that year to investigate.

One London analyst commented yesterday that Pegi may be keen to establish a shareholding large enough to justify a seat on the Dunlop board.

After the initial secretive share purchases by Pegi, Dunlop reached a gentlemen's agreement with the Malaysians that they would not buy any more shares. This agreement has since been abandoned on the grounds that the two companies have got to know each other better.

Dunlop's shares rose 5p yesterday to 58p, valuing the company at £80.6m ($122.5m). It will announce its 1982 result later this month.

It returned to profit in the six months ended June 30 1982, reporting £4m pre-tax compared with the previous loss of £3m. Sales rose to £775m from £694m.

THE LEX COLUMN

BTR wallpapers Crewe House

After lightly dousing market expectations of a further cut in base rates for much of last week, the Bank of England was obliged yesterday to pour buckets of cold water on the idea. With sterling so resilient, the bank's hard line must have more to do with the recent pick-up in bank lending – and particularly in home loans – together with the confused state of Government accounts at the end of the financial year.

BTR

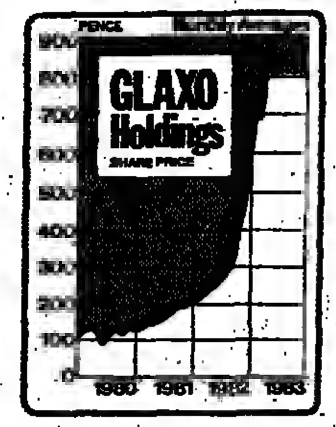
BTR has had enough of trawling around the City, picking up Thomas Tilling shares by the handful. Yesterday, it was back on familiar territory, wheeling out a full offer which, as expected, is heavily geared towards paper.

The cash terms are worth 10p more per share than the dawn raid price of 175p and the paper offer would, at last night's value of 416p for BTR shares, leave Tilling shareholders with 198p of BTR equity. Even after having the bulk of the cash offer underwritten, heavy acceptance of the cash alternative might push the combined group's net debt to around 70 per cent of shareholders' funds, so BTR is obviously going to plug its equity offer which itself would drive capital gearing up to about 55 per cent.

But the financial ratios are hardly BTR's greatest worry. Last week's unsuccessful raid gave Tilling an additional week with which to prepare its ground and to initiate the hard-nosed management which will provide a far more effective defence against the BTR offer than arguments about synergy or contiguity.

BTR must remember only too clearly its failure to secure control of Bestobell, where a tight early offer gave its target the time to beef up central management and drive the share price beyond BTR's horizons. This time, BTR has produced a very straightforward bid which, on the basis of Tilling's recent performance, places a realistic value on the company. But BTR still has a host of obstancles to overcome before it gets its foot in the door of Crewe House.

Glaxo



It is a measure of Glaxo's new reputation that after yesterday's interims, covering the second half of 1982, the shares were marked down 60p to 810p. Pre-tax profits have risen 52 per cent to £86.3m, and by slightly more on stripping out exchange gains on net current assets and property profits in the comparable period, so the pace of growth is being comfortably maintained.

Volume has again been the key to the improvement. Non-wholesale turnover has risen 24 per cent, with price increases accounting for only a small proportion of the gain. Currency translation gains have been worth £2m, while the improvement in export margins has been limited to the last two months. The fall in sterling since November should, however, provide a significant boost to profits in the current half.

About half the volume increase may have been accounted for by the new anti-ulcer drug Zantac, which has produced possibly £10m or £15m of profits against nothing in the corresponding period.

Other areas of strong progress have been the antibiotic Zinacef and the heart drug Trandate, both of which have been benefiting from recent launches in Japan.

The conversion of most of the convertible stock has produced net cash in the balance sheet and a turnround into net interest receivable of £1.8m – boosted by a write-back of gilt-edged provisions. The outcome for the year may be in the region of £200m, against £193.6m, while the prospective yield is 1½ per cent.

Sotheby

The clash of styles involved in Knoll International Holdings' bid for Sotheby Parke Bernet would have graced the pages of a Henry James novel.

The co-chairmen and 66 per cent proprietors of the private U.S. company have presented themselves before the British establishment bristling with American museum chairmanships, only to be sniffily dismissed by Sotheby's management as a couple of felt manufacturers with ideas above their station.

But Mr Cogan and Mr Swid also have a reputation on Wall Street and it would be surprising if they had really launched a £60m cash bid for Sotheby's without first gaining some reassurance that staff defections were not going to turn such an expensive acquisition to dust in their hands.

The threat of such a mass walk-out looks more real than the possibility of a cogent defence based on Sotheby's recent financial performance. Pre-tax profits stayed virtually static for 1978–81, despite a doubled turnover. The next boom in the salerooms, which now looks under way, finds Sotheby's rebuilding a badly shaken profits base. Even assuming a recovery to past peaks of profitability by 1985, the 520p per share bid price looks at least realistic, other things being equal.

Which, of course, they are not. The share price, closing up 35p yesterday at 525p, has doubled since the appearance of the U.S. bidders. But S. G. Warburg will be searching hard for the white knight clearly expected by the market who will pay even more.

Inmos

Few companies would be as confident as Inmos, which is contemplating raising private capital even as losses exceed revenues. In 1982 the company's deficit totalled £20.4m, including exchanges losses, against sales of £13.7m. This performance has, not surprisingly, savaged the balance sheet, and even after an equity injection of £15m, net debt still represents 80 per cent of shareholders' funds.

The cash outflow in the current year, however, should be modest. Meanwhile the company has established design leadership in certain areas and won wide aceptance for its product among leading users. Its challenge now is to broaden its product base and build up volume output at Newport. With prices firming, revenues in the current year may head above £35m, bringing the loss down to the region of £5m. More to the point, the company may be able to boast a positive outcome by the final quarter, or shortly thereafter. At that stage it should be possible to draft a persuasive offer for sale document.

BHP 'will slash steel spending' unless it gets import protection

BY MICHAEL THOMPSON-NOEL IN SYDNEY

BROKEN HILL Proprietary (BHP), Australia's biggest company, indicated yesterday that it would virtually abandon its 10-year steel investment plan unless the government offered it greater protection against imports.

Asked how much of its A$2.8bn (U.S.$2.4bn) plan would survive without greater protection, Mr David Rice, general manager of the group's steel division, said: "As little as possible."

BHP says it needs a guaranteed 85 per cent of domestic steel sales over the next 10 years. A recent draft report on the steel industry by the Industries Assistance Commission (IAC) recommended a five-year protection package for BHP that would have given it 80 per cent of the domestic market.

Last week, BHP reported a net loss of A$53.1m in its steel division for the latest quarter. This took its steel losses for the nine months to February 28 1983 to A$117.4m, restricting group profit for the period to A$164.7m.

BHP indicated yesterday that adoption of the commission's recommendations would lead to a winding down of the Australian steel industry, which it monopolises, and add to unemployment.

The group would not withdraw from steelmaking altogether, as previously suggested, but it made clear yesterday that it would not embark on major new steel investments.

In return for government acceptance of its protection proposals, BHP appears ready to offer certain assurances on price, investment and employment levels in its steel division. The loss of a further 2,700 jobs over the next five years is, however, considered inevitable.

Left wins may delay Japan poll

BY JUREK MARTIN IN TOKYO

THE PROSPECTS of a summer general election in Japan may have receded a little as a result of two important victories by the left-wing in local elections.

Results announced yesterday show that the Socialist Party candidate was returned as new governor of the northern island of Hokkaido. In Fukuoka, principal city of the southern island of Kyushu, the "renovationist," standard bearer of the Socialists and Communists, ousted the four-term conservative incumbent.

The ruling Liberal Democratic Party (LDP) was able to take some comfort from the fact that in the third contest, deemed of national significance, Mr Shunichi Suzuki, supported hy the LDP and the Centrist parties, retained the governorship of Tokyo against a "renovationist" opponent.

The other dozen or so major elections around the country went according to form, with generally conservative candidates, in five cases running with socialist support, being comfortably re-elected against token communist opposition. The LDP also picked up seats in local assembly elections.

In assessing the results, the first of two waves of local polls this month, Mr Yasuhiro Nakasone, the Prime Minister, and the elders of the LDP have to determine whether the losses in Hokkaido and Fukuoka stemmed from peculiar local conditions or indicate general dissatisfaction with the national government.

In Hokkaido, the Socialist victor was an extremely attractive challenger in a region where the LDP was disorganised after the suicide earlier this year of former Cahinet Minister, Mr Ichiro Nakagawa. Equally, in Fukuoka, the incumbent regime had been implicated in scandals.

Four years ago, in both prefectures the previous centre-right governments had pulled in 57 and 67 per cent of the vote respectively which suggests that the substantial swing to the left this time cannot be put down entirely to parochial considerations.

It had been conventional wisdom in political circles that if the Left won at least two of last weekend's big three local elections Mr Nakasone might be dissuaded from doing what has become increasingly expected of him: to dissolve the Lower House of the Diet six weeks from now and hold general elections in June concurrent with the scheduled elections for half the Upper House.

But the victories in Hokkaido and Fukuoka notwithstanding, the "renovationists" have shown great difficulty in burying their differences and in co-operating in fielding joint candidates.

In addition, most opinion polls suggest that, although Mr Nakasone himself is not popular, his party is in fine fettle, compared with those of the Socialists and Communists.

In practice, the question of the timing of the general election still rests with the competing forces inside the LDP. One strong group, supporting former Prime Minister Mr Kakuei Tanaka, wants an early election.

Britain resists early cut in interest rates

Continued from Page 1

ply were growing at the top end of the target range set in the last budget. Private Sector Liquidity 2, the definition of money which includes deposits with huilding societies as well as with banks, grew at an annualised rate of about 17 per cent in the month.

The recent increase in house building starts, and the expected increase in industry's financing requirements when the recovery gets under way could also tend to increase bank lending, and so put upward pressure on the money supply.

The bank and the markets may also hope to get a clearer idea of the trend of U.S. policies from the testimony which Mr Paul Volker, chairman of the Federal Reserve Board, is due to give to the Senate Banking Committee today. They may also be waiting for Friday's U.S. money supply figures, which could show a seasonal surge.

The Bank of England's firm line, which it maintained for the whole of last week, is probably also part of an effort to re-establish control over the markets. The bank and the Treasury were both taken by surprise on budget day, March 15, when Lloyds Bank lowered its base lending rate by ½ percentage point to the present 10½ per cent.

BTR in full bid for Tilling

Continued from Page 1

BTR has diverse interests in engineering, materials handling, transportation and energy, while Tilling's strengths are in manufacturing engineering, construction materials, electronic equipment, health care, insurance, and industrial equipment distribution. BTR's workforce worldwide totals 25,700

Mr Owen Green, BTR chief executive, yesterday revealed the group's reasoning behind the bid. The group links its various activities by what it calls contiguity which, BTR says, is linked by either product, marketplace or technology. Some 50 per cent of Tilling's operations are felt to be complementary

About a fifth of Tilling's wide-ranging operations are said to be "free-standing businesses" which have no link with the mainstream activities. Prominent among these subsidiaries are the publishers Heinemann, Pretty Polly, the hosiery manufacturer, Pilkington Tiles and Cornhill Insurance. Mr Green was, however, quite clear that no plans have been prepared to sell off these companies.

Sotheby's will fight £61m bid from U.S.

Continued from Page 1

company clearly expected the Americans to move on to a full bid.

A meeting on Sunday between Sotheby's board of directors and Mr Stephen Swid and Mr Marshall Cogan, the major shareholders and senior executives of GFI/Knoll, failed to produce approval of an agreed bid.

GFI/Knoll is now offering 520p cash for each 25p ordinary Sotheby's share. This values the auctioneer at £60.6m and is a premium of 6.1 per cent over Sotheby's closing price last Friday and of 96.2 per cent over the price before the Americans began buying shares last year.

Sotheby's shares rose 35p yesterday to 530p, only narrowly above the offer price.

The bid is set to become a battle between a British company proud of its traditions and reputation but with disappointing levels of profits and two little known Americans who are making great efforts to establish their cultural credentials.

"We intend to acquire Sotheby's because we believe it has the potential once again to be the outstanding auction house in the world," Mr Swid and Mr Cogan said.

"From the start all our approaches and all our attempts to open a meaningful dialogue with the board have been rebuffed."

Sotheby's responded that "General Felt is well aware that this bid is wholly unwelcome to the board and to the great majority of Sotheby's professional experts."

The $100m purchase price will comprise $30m from GFI/Knoll and other private investors and $70m in the form of a seven-year loan at two points above prime rate from a consortium led by Citicorp and including Crocker National Bank, Manufacturers Hanover and First City Bank of Dallas.

World Weather

		°C	°F
Ajaccio	S	22	72
Alcudia	F	17	63
Algiers	S	25	77
Amsterdam	C	9	48
Athens	S	21	70
Bahrain	S	26	79
[illegible]	[illegible]	[illegible]	[illegible]
Dubrovnik	S	19	66
Faro	S	20	68
Florence	C	16	61
Frankfurt	R	15	59
Funchal	F	18	64
Geneva	R	15	59
[illegible]	[illegible]	[illegible]	[illegible]
Malaga	S	26	79
Malta	S	22	72
Manila	S	37	99
Miami	F	14	57
Milan	F	17	63
Moscow	C	8	46
Munich	S	21	70
Nairobi	F	28	82
Naples	S	19	66
New Delhi	S	30	86
New York	F	8	46
Nice	F	16	61
Oporto	F	13	55
Oslo	S	8	46
Paris	C	11	52
Prague	F	17	63
Reykjavik	F	5	41
Rio de J'o	C	33	91
Rome	S	20	68
Salzburg	S	21	70
Seoul	C	23	73
Singapore	C	35	95
Stockholm	S	8	48
Strasbourg	C	16	61
Sydney	S	25	77
Taipei	S	26	79
Tangier	S	20	68
Tehran	—	—	—
Tel Aviv	C	21	70
Tenerife	F	29	84
Tokyo	C	23	73
Toronto	C	5	41
Tunis	S	30	86
Valencia	S	25	77
Venice	C	16	61
Vienna	S	17	63
Warsaw	F	17	63
Zurich	F	15	59

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

U.S. missile scheme

Continued from Page 1

dubbed the midgetman, should cost a total $19.9bn in fiscal year 1982 dollars over five years. By comparison, the so-called "dense pack" scheme of closely clustered silos for the MX initially proposed by Mr Reagan would cost $22.9bn.

"Dense pack" with additional deceptive silos would cost the same over five years but significantly more thereafter. "Dense pack" with additional silos and an ABM system would cost $27.9bn over five years, with substantial subsequent costs.

Mr Reagan is hoping that the recommendations will finally prove acceptable to Congress, with which the commission has been closely consulting in their preparation. Congress has said that it will not allocate production funds for the MX until a suitable basing system has been agreed. Many Democrats, however, disapprove of the missile altogether.

Important support came yesterday from Dr Harold Brown, Mr Carter's influential former Defence Secretary and a consultant to the commission, who said that be backed the plan even though it was not perfect. He called for bipartisan support for the recommendations.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, A.V. Hare, R.A.F. McClean, M.C. Gorman, B.A. Lawrence, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C. E. P. Smith, Frankfurt/Main. © The Financial Times Ltd, 1983.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday April 12 1983

Value Line share sale likely to raise $150m for family

BY RICHARD LAMBERT IN NEW YORK

VALUE LINE, which publishes one of the leading investment advisory services in the U.S., is going public at a price which could leave Mr Arnold Bernhard, the company's 81-year-old chairman, and his family with cash and paper worth $150m or more.

Arnold Bernhard and Co, a company controlled by Mr Bernhard and owned by him, his family and some employees, is offering 1.9m shares of the 10m shares outstanding in Value Line at a price which is estimated in the prospectus at between $15 and $18 per share.

In the 10 months ending in February, Value Line's net income rose from $5.4m to $5.8m, or 58 cents a share. Shareholders' equity at the end of the period amounted to just $4.5m or 45 cents a share.

The company is coming to the market on the sort of price earnings multiple which is more often associated with Silicon Valley than the less chic parts of New York's Third Avenue.

However, Value Line is an extremely profitable business and is the kind of company that makes a lot of money in a bull market. Its flagship is the Value Line Investment Survey, a weekly publication which build up into a two-volume set of binders packed with charts, ratings and opinions on each of 1,700 common stocks, classified into 92 industry groups. A one-year subscription costs $365 and the survey has 111,400 subscribers, up from 68,000 five years ago.

In addition, the company publishes analyses of special situations on the over the counter market, as well as of options and convertibles. It also acts as investment managers of six mutual funds, which had net assets under management of $1.2bn at the end of February.

IBH aims to wipe out losses this year

By John Davies in Frankfurt

IBH HOLDING, the West German construction equipment group, is aiming at least to break even this year after making a loss of between DM 50m and DM 60m ($20.7m-$24.8m) last year.

The group's optimism has been boosted by signs of an upturn in its markets in West Germany and the U.S.

IBH has attributed last year's loss – a turnround from a DM 3.3m net profit the previous year – to severe price competition in flagging markets and costs arising from restructuring.

The group has grown rapidly through takeovers into one of the biggest construction equipment manufacturers in the world, after being set up by Herr Horst-Dieter Esch, the chief executive, eight years ago.

Sales revenue rose 4.6 per cent last year to DM 2.5bn and the group is aiming to lift sales this year to DM 2.7bn.

As part of the rationalisation measures last year, the worldwide workforce was reduced by 20 per cent to about 10,000.

Although most restructuring is over, the group plans some further measures this year, involving a cut of about 600 in the workforce.

Herr Esch, who disclosed the extent of the group's loss at the Munich construction equipment exhibition at the weekend, is pressing on with development projects, including major new plants at Hannover and Hamm in West Germany.

He has indicated that the group will round out its product range in the future largely through its own efforts.

The equity base of IBH Holding was widened last year from DM 170m to DM 561m. As part of this process, a Saudi Arabian group took a stake of about 20 per cent and Babcock International of the UK a 10 per cent stake.

Saga Petroleum in bid to solve cash crisis

BY FAY GJESTER IN OSLO

SAGA PETROLEUM, smallest of the three Norwegian companies with offshore oil and gas interests in the Norwegian sector of the North Sea, is facing severe liquidity problems.

It needs a large state loan to tide it over a cash flow crisis, and the Government's conditions for granting this is that Saga should join forces with Norexplor, a provisional, nine-company grouping which has been seeking the status of the fourth "accepted" Norwegian oil company.

Yesterday Saga made an offer to six of the nine companies in the group, outlining the terms on which it would be willing to link up with them. In return for shares swapped and fresh capital, 45 per cent of the equity in the new, enlarged Saga would come under the control of the six.

These include four leading industrial groups – Borregaard, Norgas, Hafslund and Dyno – plus two small Norwegian oil companies which so far have participated only in oil ventures outside Norway.

None of the six was yesterday prepared to comment on the offer, which is open only until 3pm on Friday.

Saga's troubles arose before Easter when its bankers indicated that the market was not prepared to provide a 12-year, $900m loan to refinance existing debt and to cover Saga's offshore investment commitments. Saga has stakes in a number of projects which are potentially profitable – providing that oil and gas prices do not collapse completely. But international bankers are currently wary of energy loans.

The six-bank consortium which last August attempted to arrange the loan now says that Saga must increase substantially its equity before funds will be forthcoming.

At present, Saga is the only wholly privately-owned Norwegian company working offshore. The other two active groups are state-owned Statoil and Norsk Hydro, in which the state holds a controlling interest.

Norexplor had applied to the Government for a stake in the promising Oseberg oil and gas field, which would have made it Norway's fourth "accepted" oil company, and the second to be completely controlled by private interests.

The Government had hoped to approve this application as a way of strengthening private enterprise side in Norway's oil industry. Saga's financial troubles made it unlikely, however, that the Storting (parliament) would agree to give valuable licensed shares to a second private company.

The additional share capital that Norexplor's backers can contribute – some NKr 337.5m ($47.1m) worth according to Saga's proposals – will not by itself be enough to solve Saga's liquidity problems, however. The Government may have to lend the enlarged company as much as NKr 1bn as subordinated capital.

GAF plans to sell building business

By Our New York Staff

GAF Corporation is proposing to sell 80 per cent of its building materials business for cash and paper worth about $140m. The move comes in the middle of a vicious proxy fight for control of GAF's management, which will come to a head at the annual meeting scheduled for April 28.

If the deal goes through, GAF will be left with a profitable speciality chemicals business, with annual sales of about $300m, and a 20 per cent share in the building materials group, which had an operating loss of $26m in 1982.

The proposed sale, which is subject to the approval of GAF's investment bankers, is being structured in the form of a leveraged buy-out. GAF would receive $100m cash, and a note of the acquiring corporation with a face value of about $40.5m, secured by a second charge on all assets.

It would also get 20 per cent of the shares in the new corporation, which would operate the building materials business under its present management.

GAF said over a year ago that it was considering a sale of its building materials interests and Morgan Stanley, its investment banker, has contacted more than 70 potential purchasers in the intervening period. The bank said late last month that six companies had expressed an interest in acquiring the whole of GAF, but had held back "principally because of economic concerns relating to the building materials group, and concerns of potential buyers in respect of asbestos-related claims."

The dissident shareholder group, which intends to continue the proxy fight despite the proposed sale, wants GAF to sell its chemicals business rather than its building materials side and distribute the proceeds to shareholders.

Svenskt Staal gets into profit

By David Brown in Stockholm

SVENSKT STAAL (SSAB), the Swedish steel company, has posted a profit of SKr 23m ($3m) before appropriations and tax in 1981, up from a loss of SKr 774m the previous year and the first positive result since the company's formation in 1978.

Sales grew by 24 per cent to SKr 8.9bn, with a volume increase of 8 per cent. Mr Henry Lundberg, SSAB's managing director, attributed the result to better steel prices, cost-cutting and restructuring. He predicted further improvements this year in a short statement.

SSAB, in which the state has a 75 per cent stake, has completed a programme of heavy investment in the new plant, shutdowns of old plant and cutbacks in labour and materials costs. The group hopes to capture a larger share of the domestic commercial steels market, which has been under attack by foreign producers.

The group was formed by merging troubled state steel interests with those of two privately owned companies.

Japan relaxes bank regulation

BY YOKO SHIBATA IN TOKYO

THE JAPANESE Ministry of Finance is to relax the regulations governing the off-branch installation by Japanese banks of automatic teller machines and cash dispensers, as well as those governing the introduction of portable computer terminals linking the banks with corporate customers and customers at home.

The main feature of the authority's third round of financial deregulation is the introduction of computer terminals through which the banks can offer cash deposit and withdrawal services for the customers at home. The terminals will make their debut in the summer, but for security reasons the number of terminals will be limited to 30 per bank for the first year.

Japanese banks are already allowed to set up cash dispensers in public places such as stations and airports, and it will now become possible to install them in offices and factories. They will also be allowed to install automatic teller machines which will enable customers to withdraw and deposit money.

Each bank, however, will be allowed to install public cash dispensers and automatic tellers in only eight locations each year, and only three of each in offices or factories in the first year.

Companies are also authorised to send payroll data direct to banks by computer. Such data transmission has been prohibited up to now, so corporations have had to carry magnetic tapes physically to the banks. Direct credit using magnetic tapes is expected to reduce payment transaction costs for both corporations and banks.

The data transmission rules will pave the way for new banking services for corporate customers. Yamaha Motor and Bank of Tokyo will be linked from next month by computers which will provide data centring on foreign exchange transactions. Yamaha plans to set up similar systems with Dai-ichi Kangyo, Sumitomo and other banks.

Other big corporations such as Mitsubishi and Sumitomo are planning similar systems from this summer for quick confirmation of bank balances and remittances.

INTL. COMPANIES

Trafalgar Housing warning prompts share suspension

BY ANDREW FISHER IN HONG KONG

SHARES WERE suspended yesterday in Trafalgar Housing, the Hong Kong group involved in property, mining and fish farming, after it said there would be no profit for the year just ended because of unspecified financial provisions.

The company, not connected with Trafalgar House of the UK, is also omitting its latest preference and interim ordinary dividends at an estimated saving of HK$25m (U.S.$3.72m).

Trading in the shares, which have fallen sharply in price over the last two years and are also quoted in Luxembourg, will resume tomorrow. Last night, the company said it had assured local stock exchange authorities that its net worth was not negative.

One of the group's most recent projects involves flats in neighbouring Macao. Hong Kong citizens have been invited to buy these with the prospect of also having the right to live in Portugal.

Doubts have arisen over whether the scheme will finally go through. Trafalgar Housing also has interests in U.S. oil wells and gold mine developments in California and Nevada, as well as other Hong Kong and Chinese property projects.

The company declined yesterday to state the size and nature of the 1982–83 financial provisions or to give any idea of results for the year. In 1981–82, net profits rose from HK$147m to HK$170m.

The Trafalgar shares were suspended at HK$1.04, having been near HK$8 in 1980 and 1981. It is believed the suspension was matched on the Luxembourg exchange, where the listing was sponsored in 1981 by Kreditbank.

Stock market sources said the size and range of the company's development commitments, along with the relative lack of continous earnings, had led them to expect news of Trafalgar's problems for some time.

Scrip issue for Straits Trading

By Georgie Lee in Singapore

STRAITS Trading, the major Singapore tin and investment group, is making a bonus scrip issue of two new shares for every 10 held which will raise its issued capital to S$ 216m (U.S. $102.8m).

The scrip issue follows the group's disclosure of a lacklustre performance for the year ended December 1982.

Group pre-tax profit went down by 9 per cent to S$ 53m, but a sharp reduction in the tax charge by 33 per cent to S$ 15.7m managed to lift group after-tax profit higher by 7 per cent to S$ 37.5m. Group turnover declined by 3 per cent to S$ 908m.

No reason was given for the poorer performance but it appears that the group has been hit by the problems besetting the tin industry in Malaysia – lower prices and demand and production quotas.

The group reported an extraordinary gain of S$ 39.1m compared with S$ 71.6m in 1981.

Straits Trading has proposed a second interim gross dividend of S$ 0.14 per share, making a total of S$ 0.20 for the full year.

UK COMPANY NEWS

Glaxo surges by £29.6m to £86.3m at halfway

WITH A rise in the trading surplus from £56m to £80.8m, first half taxable profits to December 31, 1982, of pharmaceuticals manufacturer Glaxo Holdings advanced by £29.55m to £86.3m. Sales were ahead by £97.5m at £504.4m.

Earnings per share are given higher at 14.3p (9.8p) undiluted and at 14.2p (9.2p) fully diluted—and the interim dividend is being raised from 2.25p net (adjusted for one-for-one scrip) to 2.75p. Last year a total of 7p (adjusted) was paid from pre-tax profits of £133.64m and earnings per share of 23.4p undilnted and 22.1p fully diluted.

Turnover inclnded £135.6m (£111.1m wbolesaling by Vestric. Sales in the UK, excluding wbolesaling, at £80m showed an increase of £4m. Overseas sales at £304m were £70m higher, wbile exports at £117m were higher by £23m.

The directors report that during the period Zantac, the group's new anti-ulcer drug, was launched in a further 13 countries and is currently being sold in 31 countries. Trandate has since the end of the period been launched in Japan and it, as well as Zantac and Zinacef, await approval in the U.S.

Glaxo's share of the profis of associates, in Japan, Nigeria and West Germany, at £3.7m was £1.1m higher in total than the corresponding figure last year.

The results of overseas subsidiaries have been converted into sterling et rates of exchange on the last day of each period.

The figures inclnde all exchange differences except those arising on the conversion of fixed assets of overseas subsidiary and associated companies which are taken to reserves.

Changes in foreign exchange rates since the beginning of the financial year have had a material effect, the directors say. Overall they estimate that movemants in exchange rates since July 1, 1982 accounted for some £8m of the pre-tax profits.

Apart from associates' contributions taxable profits included investment income less interest payable of £1.8m (£1.85m debit).

Tax took £33.1m (£22.5m) leaving net profits of £53.2m (£34.25m).

After minorities of £800,000 (£630,000) attributable profits came to £52.4m—a rise of 56 per cent over the £33.62m for the corresponding period last year.

Loan stock conversion in December 1982 added over 1m ehares to the then issued capital.

As a result of the scrip issue in February 1983 there are now 365,952,522 ordinary shares in issue. The interim dividend absorbs £10.06m.

Sir Ronald Arculus, the former British ambassador to Italy has been appointed to the board as a non-executive director with effect from May 1, 1983.

	Six months 1982 £000	1981 £000
External sales	368,900	295,800
Vestric wholesaling...	135,500	111,100
Total external sales...	504,400	406,900
Trading profit	80,800	56,000
Share of assoc.	3,700	2,600
Interest received	1,800	*1,850
Pre-tax profits	86,300	56,750
Tax	33,100	22,500
Net profits	53,200	34,250
Minorities	900	630
Attributable	52,400	33,620

* Payable.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Anchor Chemical	2	June 4	2	3	3
Barton Group	1.4	July 2	1.4	2.4	2.4
Bryant Hldgs. int.	0.55	May 27	0.5*	—	2*
Clondalkin Grp.	3.75‖	—	3.75	6.25	6.25
Edinburgh Secs.‡	0.15	May 31	0.15	0.15	0.15¶
Fitch & Co.‡	2.8	—	—	—	—
Glaxo int.	2.75	Juna 17	2.25*	—	7*
J. Halstead int.	1.25	June 3	1*	—	2.4*
Highland Dist. int.	0.97	June 6	0.88	—	2.86
Insurance Cpn. Ireland‖	8.14	—	8.14	10.63	10.63
Queens Moat Houses	0.61	May 26	0.55	1.21	1.1
Rugby Portland	2.9	July 4	2.65	5.5	5
TSW int.	0.3	—	—	—	0.9

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rigbts and/or acquisition issues. ‡ USM Stock. § South African cents throughout. ¶ For 11 months. ‖ Irish pence throughout.

Pineapple ahead in first half

AN INCREASE from £37,622 to £59,028 in pre-tax profits is reported by Pineapple Dance Studios for the six months to January 31 1983. Turnover of this USM stock increased substantially from £281,310 to £690,633.

The pre-tax figure this time includes interest receivable of £4,073. There was a tax charge of £22,500 aagainst £8,400, leaving net profits of £36,528 against £29,222.

The Pineapple Dancewear House, adjoining the Covent Garden studios in Central London, commenced trading in July. Retail and, for the first time, wholesale, turnover has been above expectations, Debbie Moore (Mrs N. Masters), chairman, says the full impact of this will be more apparent in the second half of the year.

The studios at Covent Garden and Pineapple West are approaching capacity. Miss Moore says the company recently signed contracts for the Pineapple Dance Book to be delivered this month — for release in October — and she hopes that this will be the first of many.

She says the reaction to the company's public issue last November was "overwhelming," not only from the public, City and media, but no less importantly from the company and staff. Many opportunities, she adds, bave opened np to the company, and a great deal of management time has been involved in examining them.

As a result, it hopes that during the second half, some of its expansion plans will have reached fruition.

● comment

Since Pineapple's widely publicised November launch on the USM, some fairly extravagant profit forecasts have been bandied about. Compared with these, the 57 per cent pre-tax profit advance seems almost modest, though progress so far has certainly been more spectacular than that shown by many other companies on the USM. Even so, there are disturbing aspects of tha latest results, the most obvious of which is the dramatic fall in trading margins from 13.4 per cent to 8.7 per cent. This resulted from a major change in the turnover mix, which now includes a substantial element of wholesale and retail dancewear sales. The company intends to develop this area by moving into export sales, but shareholders might well be asking themselves whether returns in this area justify a diversification away from the lucrative base provided by the dance studio business. Even so, startnp costs associated with the dancewear expansion have impacted adversely on margins and some improvement is expected in the year's second half. The share price touched 127p ahead of the announcement, but fell back to 122p after the figures were revealed. At that level, however, the share is still well np on the placing price of 52p.

Rugby Portland expands by 26%

A SIMILAR result to that of the first six months enabled Rugby Portland Cement to return pre-tax profits of £23.55m for 1982, an improvement of some 26 per cent on the previous year's £18.6m.

As indicated in the interim report the final dividend is being lifted to 2.9p (2.65p), which makes a net total of 5.5p per 25p share, against 5p previously.

Group turnover for 1982 expanded from £144.57m to £165.71m and trading profits advanced by £3.79m to £22.55m. Respectively, these break down as to UK £135.52m (£120.02m) and overseas £30.19m (£24.55m) and £16.64m (£14.87m) and £5.92m (£3.89m).

On the outlook Lord Boyd-Carpenter, the chairman, says the lower level of activity in the building and construction industry in Western Australia seems likely to persist throughout 1983.

Tax rose sharply from £3.99m to £7.86m, mainly due to the return of a tax charge on Cockburn Cement following absorption of that company's investmant credits and lower capital expenditure in the UK.

Minorities accounted for £317,000 (£211,000) and extraordinary debits £226,000 (£595,000).

Earnings per share were 12.9p (12.1p).

● comment

Rugby's creditable pre-tax profit advance bas come at a time of increasing pressure on UK cement margins, caused by creeping cost increases and static domestic cement prices. Against this background, Rugby'e profit impovement resulted mainly from better capacity utilisation and cost benefits arising from an ongoing modernisation programme, which has involved a move to the more energy efficient semi-dry cement making process. In the UK cement volumes increased by about 3 per cent—more than the indnstry average—on the back of an improvement in the building industry. And the company has managed to maintain its market share at around 18 per cent of the total. The important Australian subsidiary lifted its profits by 160 per cent above the strike depressed level of the previous year, providing a useful boost to group earnings. This year's contribntion could be negatively affected by the Australian economic downturn and the recent currency devaluation. The U.S.-based cement interests remain small in profit terms, but they could form the basis of further North American expansion. The small dividend increase has done little to improve the market's rating of the share and the price rose only 1p to 108p for a worse-than-average yield of 7.5 per cent.

Highland Distilleries improvement

HIGHER profits and an increased dividend have been shown by the Highland Distilleries Co for the first six months to the end of February 1983. However, the directors do not expect profits for the second half to be materially different from the £2.98m earned in the same period last year.

The pre-tax figure for the first six months rose from £2.76m to £3.58m on turnover ahead from £47.55m to £50.63m.

The increase in turnover and profits is due to higher sales of the Famous Grouse brand of Scotch whisky, both in bome and export markets, say the directors. Profits have also been helped by a reduced interest charge—down from £829,000 to £179,000—resulting from lower borrowings.

Sales of matured whiskies were marginally up on 1982 levels. Demand for new whisky fillings is at a lower level than last year and no real improvement can be expected while surplus stocks hang over the market.

The net interim dividend has been declared at 0.97p—up on last year's 0.88p. Earnings per 20p share were given as rising from 4.1p to 4.4p. In the last full year a total of 2.86p was paid.

Fixed asset expenditure for the period increased from £284,000 to £328,000.

At the trading level profits moved up from £3.2m to £3.58m after depreciation of £245,000 (£240,000). After deductions for interest, there were associate profits last time of £5,000. Income from investments edged ahead from £182,000 to £184,000.

Taxation—which represents a proportion of the estimated full year's charge—amounted to £860,000 against £232,000, which left net profits slightly ahead from £2.52m to £2.72m.

● comment

A shift in seasonal factors and substantially lower interest costs enabled Highland Distilleries to turn in a better than expected first half. Receipt of an EEC Cereal Fund payment, back-dated for a decade, of £2.9m sliced borrowings, and should cut interest costs by some £200,000 in the full year. Much of the profits advance comes from the progress of Famous Grouse in the English market where a 14 per cent volume and 12 per cent price rise offset a 6 per cent decline in Scotland. Export business is around breakeven but after heavy promotional spending is unlikely to be a serious contributor to profit before 1985. Overall the group is working well below capacity but not planning to mothball a second distillery despite a 21 per cent fall in volume of new fillings which has been hit by the weak U.S. market. Much, therefore, depends in the current year on FG in the UK. Here a 6 per cent price increase was made in February and mature whisky prices have been firming in recent months. After allowing for the seasonal effect the outlook for the full year is around £6.6m pre-tax. Shares yesterday discounted much of the prospects with a 5p rise to 110 which puts the prospective p/e over 21. In the longer term one must question the growing dependence of the group on one product even if the long rumoured major offensive by Distillers never materialises.

Borough of Sunderland issue

IN THE first major local authority stock issue for over six months, the Borough of Sunderland is offering £25m of loan stock redeemable in 2008.

The issue price and rate of interest will be derived from e gross redemption yield for the stock equal to 1.20 per cent and the gross redemption yield of 13¾ per cent Treasury Stock 2004/2008, as at 3 pm tomorrow.

The issue will be partly paid with £25 per cent payable on application, and the balance by September 7 1983. Interest will be paid on May 23 and November 23.

Application lists will open at 10 am next Thursday and dealings are expected to begin on the following day.

● comment

The margin over the comparable gilts is fractionally higher on the Sunderland issue, than on similar local authority stocks, and so the market consensus is not surprisingly, that the pricing is attractive. Of course, £25m is not much compared with Government issues, consequent arguments about lack of marketability should not overlook the fact that corporations—Islington for one—have in the past shown a tendency to buy back their own stock. There is always the nebulous possibility of the gilt market taking a tumble before dealings begin, but by waiting until Wednesday before pricing, the risk of disaster for Sunderland is greatly reduced. An additional sweetener, particularly in the light of uncertainty about base rate movements, is the partly paid feature of the stock.

The underwriting has been arranged by brokers Scrimgeour Kemp Gee.

TSW edges up to £0.71m at midterm

AFTER a higher Channel 4 subsidy of £798,000, compared with £524,000, but with no provision for exchequer levy, against £277,000, first half taxable profits to January 31 1983 of TSW—Television South West Holdings—edged ahead from £705,000 to £710,000.

This independent television contractor is paying its first interim dividend—since being formed to take over the IBA franchise for the e outh west region—of 0.3p net per 5p share. Last year a single payout of 0.9p was made.

Earnings per share are given as 1.89p (1.45p), based on tha average number of shares in issue during the period and as 1.84p based on the number at the end of the six months.

Turnover advanced from £7.69m to £8.96m, and tax took £313,000 (£401,000).

● comment

After an encouraging trading performance last year, TSW's profits remained virtually static over the six months just ended, partly because of the Channel 4 subscription payment of £798,000, and partly due to continuing expenditure on new studios. TSW's capital spending has so far taken up some 75 per cent of the £4.5m earmarked for expansion and re-equipping, bnt the balance may well be strung ont over the next 18 months, in view of the uncertain outlook for Channel 4 advertising. Future revenue from this source is the major variable in assessing the future. TSW has gained £250,000 over the past six months by marginally increasing its share of total ITV advertising revenue, but that advance was from a low base and further increases in this area may well prove more difficult. The question mark over advertising income has not been helped by the current IPA/Equity dispnte. The flat forecast for the year as a wbole, which points to a profit decline in tha current six months, is bardly encouraging for shareholders. Even so, the share edged up by 1p to 16½p for a fully taxed prospective p/e of only 6.

Miss World placing on USM to raise £420,000

BY DOMINIC LAWSON

THE prospectns for the latest USM debutante, Miss World Group, was published yesterday.

A total of 810,000 shares of 10p each are being placed at 60p to raise £420,000 net of expenses for the company. The placing, which is of 41.54 per cent of the enlarged issued share capital, will not involve the sale of any shares by existing shareholders.

The market capitalisation of the company at the placing price is £1.17m. Mr Keith Pinker, partner in Schaverien, broker to the issue, said yesterday: "That figure is the valne put on the company when Eric Morley acquired it from Bellhaven in January and it would, therefore, have been improper to have placed at a higher price."

Mr Morley, chairman of both Bellhaven and Miss World, said that the reason for coming to the USM was to pay off a debt incurred in the purchase of Miss World from Bellhaven, and that Miss World would then start life as a public company debt free.

In 1981, the company recorded pre-tax profits of £46,000, and last year improved with a result of £156,000. In the prospectus, the company forecasts that this year it will make £300,000 pre-tax.

At the placing price of 60p per share, that forecast implies a prospctive p/e, fully taxed of 8.13. The forecast nst dividend of 3p for 1983 would give e yield at the placing price of 7.14 per cent.

The prospectus appendix points out that a writ has been issued against two of the subsidiaries of the company by franchisees of the Miss World America Pageant, claiming damages. However, the action is being strenuously defended and the directors are of the opinion that no material liability will arise.

Miss World Group's chief financial advisor is the Indnstrial Finance and Investment Corporation.

● comment

Miss World Group is displaying its assets to investors at a time of very strong profits growth. In fact the £300,000 forecast should be seen as a benchmark for the two years after that, since most contracts seem to have three years to run. What is more disputable is whether anymore significant growth can be wrung out of the existing operational base. It is tempting to argue that Miss World Group in fact represents the vehicle for Mr Eric Morley to show his paces in the leisure sector generally. Although it is not the professed reason for going public, USM paper would certainly come in handy. The placing price seems more realistic than some recent USM examples, and the high percentage floated should mean a more fluent after market than that of many unlisted stocks.

BCA rights acceptances reach 95.9%

Following the offer by way of rights of 4.66m new ordinary, British Car Anctions acceptances have been received for 4.47m (95.9 per cent).

The shares for which acceptances have not been received have been sold in the market at 193½p per ordinary and the surplus proceeds of 37.168p per share will be distribnted to non-accepting shareholders.

Northern Industrial

The directors of Northern Industrial Improvement Trust say that despite lower interest rates over the past year the unandited results show an approximately similar income. They anticipate being able to maintain the same level of dividend—for the year ended March 31 1982 the company paid dividends totalling 8p from revenue before tax of £172,894.

Garfunkels

Last month'e one-for-five rights issue by West End restaurant chain, Garfunkels, has been 98.98 per cent accepted. The offer price of 102p per share represented a 10.5 per cent discount to the reigning market price.

Of the 778,992 new ordinary shares, 771,029 were taken up by provisional allottees.

RESULTS AND ACCOUNTS IN BRIEF

W. A. TYZACK (precision engineering components) — Sales £2.22m (£2.25m) for the six months ended January 31 1983. Pre-tax loss £140,449 (£43,023). Extraordinary debits £114,956 (£40,900) leaving attributable deficit £255,405 (£63,923 including tax credit £20,000). Loss per 10p share 2.82p (1.28p). Interim dividend nil (same): final will depend on year-end situation. There are signs of gradual improvement in levels of order input.

CLONDALKIN GROUP (packaging manufacture and printing)—Final dividend 3.75p; making 6.25p (same) net for 1982. Turnover I£37.52m (I£52.25m). Pre-tax profit £1.37m (£991,968). Tax £466,940 (£220,569), minorities £143,789 (£176,779), extraordinary debit £164,273 (£3.88m). Available profit £590,742 (£3.44m loss).

RYAN HOTELS—No dividend (same) for year to October 31 1982. Turnover I£11.37m (I£18.31m). Pre-tax loss £395,000 (£829,000) after maintenance and replacements £387,000 (£466,000) and interest charges £497,000 (£802,000). Tax all £185,000 credit, extraordinary debits £288,000 (£361,000 credits). Loss per 5p share 1.65p (1.94p). Forward booking position is "healthier" than at this time last year.

INSURANCE CORPORATION OF IRELAND—Final dividend for 1982, 8.135p for unchanged total of 10.631p. Pre-tax profit for 1982, I£8.22m (I£8.57m): premium income £89.37m (£86.92m) after reinsurance; underwriting loss £7.27m (£422,000) being fire and accident loss £7.63m (£731,000), marine and aviation account profit £115,000 (£309,000) and life profit £250,000 (nil). Investment income £15.81m (£9.64m): non underwriting subsidiaries £605,000 (£584,000): associates £133,000 (£121,000): staff pension fund £1.06m (£1.36m). Tax charge £2.87m (£2.96m): minorities £133,000 (£117,000), leaving attributable profits £5.22m (£5.49m).

BAILLIE GIFFORD JAPAN TRUST—Gross investment income for six months to February 28 1983 £88,000. Earnings per 25p share, 0.11p: net asset value per share 123.5p (85.2p at August 31 1982), and 121.4p (86.5p at August 31) fully diluted. The managers have strengthened the domestic consumer-related part of the portfolio at the expense of some of the holdings in the electricals sector, where the share ratings have become high and the short-term profits outlook is affected by the weak caital spending environment. It is the trust's current policy to maintain a low level of liquidity.

ANCHOR CHEMICAL GROUP—Final dividend 2p, making 3p (same) net for 1982. Turnover £13.31m (£12.19m). Pre-tax profit £953,000 (£873,000), including exceptional credit £98,000 (nil). Tax £269,000 (£230,000), extraordinary debit £76,000 (£46,000). Earnings per 25p share 8.87p (11.59p) pre-extraordinary items and 7.28 (10.34p) after. In current year company has seen little or no improvement in UK demand. Overseas, there has been a higher level of activity.

ARMITAGE BROTHERS (pet products)—Dividend 30p (27p) for 1982. Turnover £12.16m (£10.45m). Trading profits £659,000 (£524,000). Interest £133,000 (£71,000). Profit before tax £526,000 (£453,000). Tax £224,000 (£66,000). Extraordinary debit all (£116,000). Dividend £120,000 (£108,000). Retained £182,000 (£163,000). Earnings per £1 share 76p (97p).

EDINBURGH SECURITIES CO (oil and gas exploration, production and investment) — Pre-tax loss £731,000 (£927,000) for 1982. Tax credit £278,000 (£25,000 charge), minorities credit £24,000 (nil). Realised loss on disposal of investments and net exchange differences £173,000 (£15,690 profit). Loss per share 5.2p (11.9p). All comparisons have been restated. Dividend 0.15p (same for 11 months). Directors confident of improved results in current year. The company's 25p shares are traded on the USM.

CAMBRIDGE ELECTRONIC INDUSTRIES (electronic engineering)—Results for 1982 reported March 15. Shareholders' funds £34.19m (£31.66m); fixed assets £20.68m (£17.02m); net current assets £14.18m (£15.19m); net outflow of cash £1.6m (£4.3m inflow). Meeting: Barber-Surgeons Hall, EC, May 6, noon.

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UK COMPANY NEWS

Queens Moat Houses beats its forecast with £2.78m

RECORD PRE-TAX profits, up from £1.03m to £2.78m, are reported by Queens Moat Houses for 1982, and the figure comfortably beats the forecast of £2.5m made at the time of the group's acquisition of 26 hotels from Grand Metropolitan in April, last year.

Queens Moat thus doubled its chain of hotels. It also acquired the Copdock International Hotel in Ipswich, and early this year acquired the Drury Lane Hotel in London. The group now operates 50 hotels, totalling 3,656 bedrooms, together with five public house/restaurants. It is the board's intention to make further acquisitions, if appropriate, and to expand and improve the portfolio of properties.

Group turnover in 1982 soared from £15.41m to £35.13m. Trading profits, before rent and interest payable, were £6.4m against £2.84m. Rent took £864,000 compared with £596,000 and interest charges were considerably higher at £2.98m (£1.32m).

After tax of £462,000 (£169,000), attributable profits climbed from £850,000 to £2.32m.

The final dividend is raised from 0.55p to 0.605p net for a total of 1.21p (1.1p). Stated earnings per 5p share increased from 2.54p to 3.21p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Eglinton Lighting, Scottish Cities Investment Trust, Smiths Industries.

Finals:—Air Call, Bowthorpe, Brook Street Bureau, Comfort Hotels, Expamet International, Johnston Group, Lamont, Northern Engineering Industries, H. & J. Quick, Solex.

FUTURE DATES

Interims:—

Anglo American Coal	May 18
Portland Holdings	Apr. 13
Woolworth Holdings	Apr. 21

Finals:—

Anglo American Invest. Trust	Apr. 14
BSG International	Apr. 27
Benford Concrete Machinery	Apr. 14
Bentalls	Apr. 21
Duncan (Walter) & Goodricke	Apr. 15
Highland Electronics	Apr. 19
Hopkinsons Holdings	Apr. 29
Lec Refrigeration	Apr. 14
Liberty	Apr. 29
Lilley (F.J.C.)	Apr. 21
Midland Industries	Apr. 15
Tilbury Group	Apr. 21

● comment

Over the last 12 months Queens Moat Houses has increased the number of its hotels from 23 to 50 and boosted its workforce from about 1,400 to 3,130 today. But earnings per share have risen despite the dilution caused by the rights issue last May which financed half the £30m acquisition of 26 hotels from Grand Metropolitan. Borrowings, however, are now also high, amounting to 90 per cent of shareholders' funds, or 60 per cent if the convertible loan stock (with options starting next month) is considered deferred equity. But all the loans are at floating rates and not recallable for at least nine years. Queens Moat's range of exclusively three and four star commercial hotels has allowed its earnings not to fall too far behind the capital it has employed during the recession. Its occupancy rates during the four weekdays have been close to 100 per cent. But its lack of exposure to tourism, except in Stratford and York, mean that it will not reap many of the benefits of a low pound this summer. Instead it is trying to fill up its hotels at weekends with conferences, which accounted for 20 to 25 per cent of turnover in 1982. The share price yesterday rose 1p to 42p where the historic yield is 4.2 per cent.

Canadian setback hits Barton Gp. at year-end

THE EXPECTED downturn in year-end figures at Barton Group has been borne out with pre-tax profits falling from £1.03m to £400,000, which included second half profits of £344,000 against £572,000.

The final dividend is unchanged at 1.4p net for a same-again total of 2.4p.

Turnover of this holding company with interests in tubing and foundry, industrial services and engineering, fell from £49.27m to £47.37m, and trading profits were lower at £1.39m compared with £2.15m.

The directors say that UK trading profit was similar to that achieved in the previous year, but that the unparalleled recession in Canada has gravely affected overseas figures, where there were losses of £278,000 against profits of £402,000. There are now distinct signs, however, of improvement in Canada.

The pre-tax figure was after interest charges of £1.01m (£1.11m) and associates profits £26,000 (£4,000 loss). There was a tax credit of £266,000 (debit £208,000).

There were extraordinary debits of £1.69m (£703,000), which comprise the cost of closures and major re-structuring.

Stated earnings per 25p share fell from 3.37p to 2.72p.

James Halstead jumps by 68%

A JUMP of 68 per cent in pre-tax profits from £612,572 to £1.03m has been shown by James Halstead Group for the half year to the end of 1982. The accounts include a loss of about £200,000 from Averoy Travel, which the directors say was anticipated. The interim dividend has been effectively lifted by 25 per cent.

After earnings per 10p share were given as rising from an adjusted 2.85p to 4.71p, the net interim dividend has been declared at 1.25p, which is equivalent to a rise of 25 per cent after taking into account a one-for-four scrip issue last year.

In the last full year pre-tax profits amounted to £1.89m on turnover of £22.02m, and the total payout was equivalent to 2.4p.

For the half year under review turnover of this maker of PVC floor coverings, leisure products and waterproof clothing moved ahead from £9.49m to £12.91m.

On February 4 this year the company acquired the car-camping business of Wigwam International Holidays for an initial sum of £300,000. The directors say the activities of this subsidiary will be reviewed in the annual report.

At the trading level profits for the six months rose from £797,485 to £1.35m which were subject to depreciation of £263,682 (£143,551), debenture interest of £8,206 (£13,648), and bank interest £44,866 (£27,714).

Tax amounted to £388,891 (£223,964). There were extraordinary debits of £10,859 (£22,646) after which attributable profits emerged ahead from £365,942 to £635,078.

● comment

Measures taken in 1981 have clearly put Halstead back on to a growth path. Productivity gains are coming through and flooring remains the main contributor to profit—around two-thirds in 1982. Retail flooring, which recovered to break even during last year, is looking healthier helped by the withdrawal of Dunlop from the scene. The problems at Averoy are not likely to be helped by the depressed state of the overall travel market but with late booking become more a feature of the trade, particularly for small operators, the true picture will not be obvious until year end. With only fine tuning left for productivity the group will have to look to volume gains and price increases in the second half. But the company's confidence must be encouraged by the relatively stable raw material costs. Balance sheet remains strong with only minimal gearing leaving the way open for a major acquisition. But without this, approaching £3m pre-tax appears well within reach. Yesterday shares rose 4p to 97p for a prospective p/e over 9.

Bryant Holdings lower midway

FIRST HALF pre-tax profits of Bryant Holdings fell from £4.51m to £3.47m, the reduction reflecting a decrease in margins on private housing and additional finance charges on increased bank borrowings.

The net interim dividend for the half year, covering the period to end November, 1982, is being effectively increased from 0.5p to 0.55p per 25p share — a final equal to 1.5p was paid for 1981/82.

Turnover declined from £44m to £41m — the group's interests are in property investment, homes and property development and construction.

Stated earnings per share emerged at 3.2p (3.7p) after tax of £914,000, against £1.5m previously.

● comment

Bryant's diversification away from the West Midlands into the leafy suburbs and villages of Berkshire, Surrey and North Hampshire which was started three years ago has been a vital prop to its earnings during the recession. But the company has not yet had time to develop smooth - running relationships with the local authority planners in the South-East and this year's building programme has been held up by lengthy wrangles over house designs. Most of the profits from the South-East therefore, will not feed through until after the year-end in May, when the value of the company land bank should approach £30m. Analysts are forecasting a fall in pre-tax profits for the year from £9.5m in 1981-82 to about £7.5m. In the West Midlands, Bryant has been spared the worst effects of the recession by its up-market orientation, with only 20 per cent of sales to the first-time buyers' market. In the first three months of 1983, although it is the price of smaller units in the West Midlands which have shown the sharpest increase, Bryant has benefited from rises of 3 to 4 per cent in the prices of the units it sells there, which will improve severely-squeezed margins. Borrowings remain low at only 16 per cent of shareholders' funds. The share price yesterday fell 2p to 66p, 14.5 times the prospective fully-taxed earnings.

Fitch & Co. better than expected at £875,000

BETTER THAN forecast profits of £875,000 before tax have been produced by Fitch & Company Design Consultants for 1982. At the time of the company's placing on the USM last October, a forecast of £850,000 was made. The full year figure compares with a previous £707,000.

The net final dividend has been declared, as forecast, at 2.8p—earnings per 10p share were given as moving up from 6.7p to 8.9p.

The company is well-placed for continuing steady consistent growth, say the directors.

Turnover improved from £3.81m to £4m.

Tax amounted to £428,000 against £377,000. Minority interests took £6,000 (nil), and there were extraordinary costs this time of £91,000 which related to the costs of entry to the USM. The total absorbed by the first dividend was £139,000, which left lower retained profits of £211,000 compared with £330,000.

Companies and Markets

BIDS AND DEALS

● NEWS ANALYSIS—BTR/TILLING'S PLACE IN THE BID LEAGUE TABLE

Overshadowed by the early days of the 70s

BY DAVID DODWELL AND RAY MAUGHAN

THE £596m bid from BTR for Thomas Tilling may be the biggest on record in nominal terms—but two bids from the buoyant days of 1973 overshadow it by far.

Largest by far remains the bid by Grand Metropolitan for Watney Mann. Worth £378.3m then, the price today would have been £1.38bn.

The defence against the cash, equity and loan stock terms of Grand Metropolitan's bid, which was then headed by the late Mr Maxwell Joseph, was fierce.

The brewer took into its fold a satellite brewery, Samuel Webster, and the International Distillers and Vintners associate. The two protagonists then clashed over control of Truman, Hanbury and Buxton. Watney lost, and then found its adversary turning its predatory attentions upon itself.

For Grand Metropolitan, the sheer weight of the debt financing charges arising out of the bid almost obliterated profits for a while. But it was gradually able to trade its way back to acceptable income and gearing levels. Judicious purchase of its own loan stock eventually freed the group from the ball and chain of borrowings arising out of the bid.

In many respects the Watney Mann saga was repeated in the following year when the Imperial Group, then primarily a tobacco company, launched e £258m bid for Courage, the brewerly group.

Like Watney, Courage tried to clean np its portfolio, and to make itself indigestible. It took over John Smith's of Tadcaster—but to no avail. Imps was eventually prevailed upon with a bid which in today's terms would have been worth £90m.

It is perhaps ironic, that Mr John Kent, the current Imps chairman, cut his teeth on the Courage division while Mr Michael Webster, chairman of Grand Met in that crucial Grand Met struggle now finds himself as head of Firth Lovell the grocery supermarket group, waiting through the weighty Monopolies Commission investigation to discover what the merger authorities make of the £85.5m bid from Linfood Holdings.

Year	Bidder	Target Company	Cash Value	Value in 1983 £s (approx)
1983	*BTR	T. Tilling	£596m	£596m
1980	BP	Selection Trust	£390.39m†	£430m
1973	Grand Met	Watney Mann	£378.27m†	£1,380m
1982	Paternoster Stores	F. W. Woolworth	£310.4m†	£596m
	*Hanson Trust		£259.3m	£259.3m
1983		UDS		
	*Bassishaw		£247.9m	£247.9m
1973	Imperial Group	Courage	£257.7m†	£900m
1980	Marsh and McLennan	C. T. Bowring	£186.5m†	£270m
1980	Thorn EMI	EMI	£148.3m†	£180m
1982	Redland	Cawoods	£147.7m	£155m
1982	Berisford	British Sugar	£139.5m	£144m

* Bids ongoing. † Value of equity not already owned by bidder.

The protracted Linfood deal is very much the product of the reorganisation of the food retailing industry, conducted against the backcloth of a bitter struggle for market share.

Retailing in general has absorbed much energy in the recent wave of bull market takeover activity. Foremost among these is the Paternoster stores take over of F. W. Woolworth, the UK subsidiary of the U.S. Woolworth group, completed in October last year and worth £310m.

Close behind this is the unresolved contest for UDS, where Hanson Trust and Bassishaw are slugging it out around the quarters of a million pound level.

The latest rash of takeovers marks a significant change from the second half of the 1970s, when takeover activity in the UK wained. While overall figures for the first three months of 1983 are not yet available, they are probably running well ahead of 1982 levels.

Between 1981 and 1982, total spending on mergers and acquisitions doubled to £2.2bn. But this was a far cry when compared with total spending in 1972 of £2.53bn. At today's prices, that would amount to £9.7bn.

Low and Bonar in travel merger

BY ROWENA WHELAN

Low and Bonar is to merge its loss-making travel businesses with the Scottish private travel company, A. T. Mays, to form Britain's third largest retail travel agents, according to a Low and Bonar spokesman.

The new company, to be called A. T. Mays Group, will have 136 branches mainly in Scotland, northern England and the Midlands. The deal will give the present A. T. Mays owners, the Moffat family, 70 per cent of the votes exercisable at general meetings and 30 per cent to Low and Bonar.

It is intended to seek a listing for A. T. Mays Group on the Stock Exchange on the longer term.

Mr Brian Gilbert, Low and Bonar's chief executive, said the new company will benefit from the economies of scale, with greater purchasing strength and the ability to buy communications equipment necessary in the travel industry. He said the travel business had been hit by increasing competition in the past two years.

Low and Bonar's travel section showed a £298,000 loss on a £8m turnover in the company's figures for the year to November 1982. The whole company, with international packaging, engineering and textile operations, made a total £3.5m pre-tax profit.

For the year ended October 1982, A. T. Mays had a pre-tax profit of £753,000. Net assets were £2.3m. Property assets for the Low and Bonar travel section were yesterday put at £500,000.

Some 65 per cent of the issued ordinary shares of the new A. T. Mays Group will be controlled by A. T. Mays and 35 per cent by Low and Bonar. But A. T. Mays Group will also issue 1m 3.5 per cent cumulative convertible preference shares of £1 nominal value to A. T. Mays' shareholders. These will carry voting rights which, together with the ordinary shares, will give the Moffat family 70 per cent of the total votes exercisable at general meetings.

In addition, A. T. Mays Group will issue £500,000 14 per cent debentures to A. T. May's shareholders. The preference shares and debentures reflect the different relative contributions of freehold property assets by the two companies involved in the merger.

Clyde Shipping acquires Lawson Batey for £4m

GLASGOW-BASED Clyde Shipping will have a fleet of 32 tugs with the £4.1m acquisition of Lawson-Batey Tugs of Newcastle, one of Britain's oldest established tug fleet operators.

Clyde Shipping profits last year were £1.5m on assets of £9.1m. Lawson-Batey made a £750,000 profit in 1982.

The takeover follows acceptance by Lawson-Batey shareholders and the offer is equivalent to £13.63 per Lawson-Batey share.

Mr William Cuthbert, managing director of Clyde Shipping, said: "In recent years we have sought to combine growth in our activities with an increase in the geographical spread of our towage interests within the UK.

Akroyd buys rest of Cohn Delaire

Akroyd and Smithers, the leading stockjobber, said yesterday that it had acquired the outstanding minority interest in its New York subsidiary, Cohn, Delaire and Kaufman Inc, a member of the New York and American stock exchanges, for a cash consideration of $2.5m.

Akroyd and Smithers' original 55 per cent interest in Cohn, Delaire was acquired from the jobbing firm of Stockeo and Lazarus when the two businesses were merged in 1977.

Akroyd said yesterday that since the abolition of exchange controls the company's international business has grown and the board considers that this expansion is likely to continoe. Akroyd therefore decided to acquire the outstanding minority interests and as a result of this change Cohn, Delaire and Kaufman Inc will now be known as Akroyd and Smithers Inc.

HIGHGATE OPTICAL

In the formal offer document by Exent Optical for Highgate Optical & Industrial it is revealed that Highgate and its subsidiaries made an estimated loss before tax of not more than £328,000 for 1982.

This was made up as to:—operating profit of Bracecard £29,000, exceptional bad debt of Bracecard £299,000 and operating loss of Highgate £58,000.

During 1982 Bracecard received £80,000 as an industrial incentive payment from Rieter Scragg, its major customer. The incentive has been treated as a non-returnable receipt and credited to profit and loss account.

COPE ALLMAN

Grieveson, Grand and Co have purchased a further 450,000 ordinary of Cope Allman International on behalf of Hollis Bros and E.S.A., bringing the holding to 3.025m Ordinary (7.65 per cent).

BMDS BUYOUT

A group of directors and managers of British Medical Data Systems has acquired the 51 per cent of the company's shares held by BOC. The group is headed by Sir Edward Fennessy, BMDS chairman.

Reynolds in $11.2m rights issue to buy Austrian site

Reynolds Diversified Corporation, the Nevada-based energy group, is seeking to raise $11.2m through a rights issue. Proceeds of the issue will be used to acquire the Kitzbuhel Development, a 10-acre development site in a skiing and summer resort in Austria.

Three new U.S. shares of 1 cent each at par will be offered for every three shares held.

Proceeds for the rights issue will also be spent on development of the group's oil activities.

Reynolds said that since the London stock exchange had announced that its prohibition of dealings in Reynolds shares would not be removed, following the change in the rules governing 163 quotes, the board has been seeking alternative ways to obtain a quoted and marketable security for shareholders.

"It is unlikely that a UK quotation will be granted in the short term so the board has been left with no alatrnative but to seek a quotation in North America." Negotiations are under way to reverse Reynolds into Pennant Pacific Resources, a company listed on the Alberta stock exchange. Reynolds has sold its entire gold portfolio to Pennant in return for 46.5 per cent of Pennant's equity, but completion of the reverse merger depends on the success of the rights issue.

SHARE STAKES

Burgess Products Holdings — A. R. Weston, a director, as trustee, has disposed of 134,038 "A" non-voting ordinary shares redocing non-beneficial holding to 635,657 (21.62 per cent).

Plaxtons (GB)—F. W. Plaxton, a director, has sold 50,000 ordinary shares redocing holding to 1,453,684 shares. J. E. Oates, a director, has sold 5,000 ordinary shares reducing holding to 50,000.

Town & City Properties—B. D. McPhail, a director, has sold 39,160 ordinary shares to facilitate the exercise of an optioo on 150,000 ordinary. His holding has been reduced to 881,000 shares.

Clive Discount Holdings—Due to the division of a trust, N. H. Chamberlen, chairman, is interested in 10,500 shares held in trust for his children.

Ryan Hotels—Pembroke Investments has dispesed of 4.23m ordinary shares and 4.19m part preference shares reducing holding to 738,844 shares (3.1 per cent). The holding of participating preference shares has been cut to nil.

MFI—E. W. Lea, a director, has sold 29,000 ordinary shares.

Glass Glover Group—A. Glass, joint managing director, has sold 49,999 ordinary shares reducing holding to 650,000 (9.63 per cent). The Alic Glass Family Trust has disposed of 90,000 ordinary reducing holding to 350,000 (5.185 per cent).

The Scottish Investment Trust—Ronald K. Will, a director, has ceased to have a non-beneficial interest in 55,920 ordinary stock units.

Drake and Scull Holdings—Chevalier A. A. A. Malevez' non-beneficial holding increased to 370,000 by purchase of 50,000 shares at 82p.

Centreway Trust — Centreway Group has sold 45,000 ordinary. Interest now stands at 374,792 (50.52 per cent).

Tavener Rutledge — Okhai of Dundee is the holder of 110,000 shares (5.4 per cent).

Marchwiel—R. J. McAlpine, a director, has sold 40,000 shares.

Thomas French & Sons—T. J. French, a director, is beneficially interested in 553,761 ordinary shares and Mrs S. M. Stabler is beneficially interested in 483,506.

EIS Group — The holding of M & G Group in ordinary shares now totals 93,180 (6.08 per cent).

Alpine Holdings—The acquisition by Kean and Scott Holdings of the 1,067,500 ordinary shares at 130p per share from James Gulliver Associates in accordance with the option agreement dated March 7, 1983 has been completed.

Low and Bonar—On March 29 1982 B.R.P. Securities wholly owned subsidiary of Bajau, purchased a call option over 35,000 fully paid ordinary shares, which increased that companys interest to 805,000 shares.

Burns-Anderson—Mr R. E. M. Lee, a director, has purchased 30,000 ordinary shares.

MINING NEWS

Gold mine earnings mark time during March quarter

BY KENNETH MARSTON, MINING EDITOR

DESPITE A modest rise in the gold prices received in the March quarter, lower net profits for the period are reported by virtually all the South African gold mines in the Consolidated Gold Fields group.

Pre-tax profits increased thanks to a 4 per cent rise in the average gold price received in the latest quarter to R16,214 per kilogramme, equal to about U.S.$460 per ounce at current exchange rates.

This better price more than offset the effects of a 3 per cent fall in group gold production to 34,222 kg which reflected a slight decline in the average gold grade of ore milled to 9.5 grammes per tonne coupled with a reduction in ore milled at Venterspost and Kloof as a result of underground fires.

Working costs were marginally higher at 3 per cent on average. But tax and lease payments rose by 5 per cent mainly because of a fall in the offsetting capital expenditure over that of the previous quarter. The net result was a 4 per cent overall fall in group taxed profits to R191.8m (£116m).

The fall in March quarter net profit announced by Deelkraal is disappointing. It reflects a fall in gold production resulting from an unexplained setback in the gold recovery grade to 4.4 grammes from 5 grammes in the December quarter and 5.2 grammes in the previous three months.

Both Venterspost and Kloof have lodged insurance claims for loss of profits caused by the respective mines underground fires; the former states that although its fire is still burning it is sufficiently under control to enable operations to continue in the rest of the mine.

	March qtr R000	Dec qtr R000	Sept qtr R000
Deelkraal	8,885	11,339	8,801
Doornfontein	13,338	14,584	11,482
Driefontein	107,037	108,846	86,280
Kloof	41,498	41,721	34,480
Libanon	15,449	16,647	14,005
Venterspost	4,924	4,771	3,806
Vlakfontein	654	650	685

CRA sees better days ahead

"A RETURN to profitable operations in the last half of 1982 has continued into 1983. The outlook is encouraging," says Sir Roderick Carnegie, chairman of CRA in the annual report of the Rio Tinto-Zinc group's big Australian arm.

He adds that cost cutting measures and the deferral of capital expenditure have started to improve CRA's long-term cost position. But he warns that with the full impact of world recession now hitting Australia, the country must contain inflation in order to maintain its competitiveness without a continuing currency devaluation.

First ore reserve figures are given for the big Argyle diamond venture in which CRA has a stake of 56.8 per cent with Ashton Mining holding 38.2 per cent and Northern Mining 5 per cent.

It is emphasised that the quality of diamonds is at least as important as the caratage weight and at Argyle the quality is low with a very high proportion of the stones being only of industrial grade.

At the main AK-1 pipe, where mining is to start towards the end of 1985, proven reserves are put at 61m tonnes of diamondiferous material grading 6.8 carats of diamond per tonne; in addition, probable reserves amount to 14m tonnes grading 6.1 ct.

At the alluvial deposits, where production has now started, probable reserves at Upper Smoke Creek are estimated at 600,000 tonnes grading 4.6 ct. The Limestone Creek alluvials hold a proven 1.7m tonnes grading 3.6 ct with 300,000 tonnes of probable reserves going 3 ct.

The first sale of Argyle diamonds is due in Perth in about two weeks with 200,000 ct on offer. Mr Paul Keating, Australia's new Federal Treasurer, said that the Government would not stand in the way of the marketing agreement with De Beers' Central Selling Organisation, recognising "that there is no real commercial alternative."

As already announced, CRA is to raise the par value of its shares to A$2 from 50 cents—this will not affect the number of shares held by an investor—"so that it more realistically reflects the underlying asset values." This will capitalise A$652m of the asset revaluation reserves.

Together with a proposed increase in the authorised capital to A$1.5bn from A$800m, this is seen by some observers as a step towards a rights issue. In London yesterday CRA shares rose 7p to a new high for the year of 277p.

Little optimism at General Accident

Mr Gordon Simpson, chairman of the General Accident Group, sees few signs of optimism for the immediate future of insurance company operation worldwide in his annual report.

In the UK, he hopes to avoid the heavy weather losses seen last year, but he warns that exposure to natural hazards remains. He quotes the effects of the devastating series of bush fires in southern Australia and puts forward the pessimistic view that nature has not finished with insurance companies for 1983.

He regards indications of an incipient economic recovery in the U.S. as the most encouraging sign. But he felt that it would be ironic if the insurance industry were to relinquish control of underwriting in favour of a reliance on economic and financial factors in determining policy, factors over which insurance companies had no control.

He referred to some encouraging signs of a hardening of rates in several countries, but he considered it vital to restore order in markets.

As already reported pre-tax profits for 1982 were reduced by more than half from £105m to £44.5m, after underwriting losses had soared from £53m to £154m.

E.R.F. Holdings

The directors of ERF Holdings have decided, with regard for the need to conserve cash resources, not to pay the dividend on 10 per cent Preference shares which would be payable on April 30 1983. They will review the position again before the next dividend payment date on October 31 1983.

APPOINTMENTS

Changes at Thorn EMI companies

THORN EMI TECHNOLOGY has appointed Mr James L. Jackson as managing director of its Enfield company, Thorn EMI Electrical Components. He was previously director and general manager of Thorn EMI Brimar.

★

Ms Monica Sims at present controller, Radio 4, has been appointed BBC director of programmes radio. Mr David Hatch at present controller, Radio 2, will succeed her as controller, Radio. They will take up their appointments on a date to be announced.

★

FABER PREST HOLDINGS has made the following changes to boards of subsidiary companies: Mr Alan Reid has been appointed a director of The Slag Reduction Co in addition to his role of group planning manager, Faber Prest Holdings; Mr Jim Lawrence has been appointed director—steelworks services of The Slag Reduction Co. (Sheffield); and Mr Harry Millhouse has been appointed a director of The Slag Reduction Co (Sheffield).

★

VERSATEC INC, a Xerox corporation, has appointed Mr Tony Dodd as managing director of its UK subsidiary company Versatec Electronics.

★

Mr John Hereford has been appointed managing director of the SECURICOR GROUP hotels division. He was executive director of London Hotels, a group subsidiary.

★

The BRITISH GAS CORP has appointed Mr Allan Sutcliffe as deputy chairman of the North Thames Region. He is deputy chairman of West Midlands Region.

★

Mr Roy F. Dorey has been appointed director designate of the CLOTHING AND FOOTWEAR INSTITUTE. He will take over as secretary and chief executive at the annual meeting on May 11, and the office of director from July, although Mr R. W. J. Godden will remain in an advisory capacity until his retirement at the end of September.

★

Mr Richard Allardyce has been appointed chief executive Wigham Poland Oil and Gas Company. Mr John P. Clark joins the board of Wigham Poland Pension Consultants; and Mr Colin E. Brown has been appointed a director of Wigham Poland Non Marine, all members of the WIGHAM POLAND GROUP.

★

Mr Ray Foreman has been appointed to the board of WORLD-WIDE ASSURANCE COMPANY.

★

Mr Christopher C. Norland, managing director of INDUSTRIAL FINANCE AND INVESTMENT CORPORATION (IFICO), has retired as a senior partner of Finnie Ross Allfields, chartered accountants, to devote substantially the whole of his time to the affairs of IFICO. Mr Michael D. Whiddett has also retired as a partner in Finnie Ross Allfields on his appointment as an executive director of IFICO and as managing director of IFICO subsidiary, Hedgeglow Leasing. Mr W. C. W. Smith has been appointed IFICO company secretary.

★

Mr G. C. Turrinelli and Mr D. J. Ewart have been appointed directors of PIRELLI GENERAL, Southampton. Mr Turrinelli is general manager operations and Mr Ewart is a director of Morgan Grenfell and Co.

★

Mr Michael Trethewey is joining CAMPBELL'S SOUPS as director of marketing in mid-May. He is presently marketing director of Plumrose. Previously he was with Nestlé.

★

Mr Michael Montague, chairman of the English Tourist Board and the Valor Group has agreed to be the president of BAIE, the British Association of Industrial Editors. He takes over from Sir Frank Price, chairman of the British Waterways Board.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

Series	June Vol.	June Last	Sept. Vol.	Sept. Last	Dec. Vol.	Dec. Last	Stock
D/FL C F.280	5	1.10	—	—	—	—	F.272.6
D/FL P F.260	22	1.10	—	—	—	—	"
D/FL P F.270	1	5.50	—	—	—	—	"
SILV C $10	10	2.20	—	—	0	3	$11.17
SILV C $11	3	1.45	15	2	2	2.20	"
SILV C $12	2	0.70 A	68	1.50	2	1.90	"
SILV P $10	—	—	13	0.60	—	—	"
SILV P $11	10	0.60	3	1	—	—	"
SILV P $12	5	1.10	—	—	—	—	"
	May		Aug.		Nov.		
GOLD C $375	42	50	—	—	—	—	$427.50
GOLD C $400	7	30.90	—	—	—	—	"
GOLD C $425	36	17B	10	40	5	52 B	"
GOLD C $450	14	2.50	14	23	—	—	"
GOLD C $475	52	4	21	13 2	45	25	"
GOLD C $500	10	2.30	1	10	9	19	"
GOLD C $550	15	0.80	—	—	26	0 A	"
GOLD P $375	33	1.50	—	—	—	—	"
GOLD P $400	43	5	—	—	1	15.50	"
GOLD P $425	20	10	2	21	4	27.50	"
GOLD P $450	5	27	3	38	—	—	"
GOLD P $350	1	123 B	—	—	—	—	"
12¾ NL 81 87-91							
C F.127.50	—	—	30	4.40	—	—	F.132.00
C F.130	254	2	—	—	801	4	"
C F.133	140	0.20	—	—	300	1.50	"
C F.140	—	—	23	0.40	—	—	"
P F.127.50	—	—	35	1.20	—	—	"
P F.130	45	1	0	2.20	—	—	"
P F.135	30	3.50	—	—	—	—	"
10¾ NL 80 86-05							
C F.110	10	2.60	—	—	—	—	F.118.00
C F.112.50	—	—	70	1.20	—	—	"
11¼ NL 82 88-22							
C F.117.50	60	0.10	—	—	—	—	F.113.20
10½ NL 82 86-89							
C F.107.50	23	1.00	—	—	—	—	F.109.10
10 NL 82-11 86-90							
C F.107.50	1	2.20 S	—	—	—	—	F.100.70
C F.112.50	20	0.10	—	—	—	—	"
7¾ NL 82 89-03							
C F.100	—	—	—	—	21	1.30	F.99.60
C F.102.50	—	—	—	—	1	1.10	"
P F.102.50	104	3.30	—	—	—	—	"
7½ NL 83 27.90							
P F.27.50	—	—	460	1.10	320	1.70	F.92.50
P F.100	40	1.70	—	—	—	—	"
	April		July		Oct.		
ABN C F.350	—	—	63	10	—	—	F.368.50
AKZO C F.45	—	—	61	13	—	—	F.52.70
AKZO C F.50	—	—	166	10.50	—	—	"
AKZO C F.80	248	1	237	4.90	249	3	"
AKZO C F.65	—	—	92	2.90	153	4	"
AKZO P F.50	—	—	—	—	20	1.90	"
AMRO C F.55	—	—	90	4.20	—	—	F.62.90
AMRO P F.50	—	—	510	0.50	—	—	"
GIST C F.150	186	3.70	—	—	—	—	F.153.00
GIST C F.160	—	—	179	2.20	—	—	"
HEIN C F.120	—	—	224	26.50	—	—	F.145.20
HEIN C F.130	203	15.60	142	16.70	—	—	"
HEIN C F.140	—	—	80	10.80	—	—	"
HEIN P F.130	200	10	—	—	—	—	"
KLM C F.150	170	1.70	121	10.30	—	—	F.148.60
KLM C F.160	99	0.40	—	—	—	—	"
KLM P F.150	124	2.60	—	—	—	—	"
NATN C F.160	—	—	—	—	62	10.60	F.151.50
PHIL C F.30	—	—	80	17	—	—	F.47.20
PHIL C F.35	72	12	22	12	—	—	"
PHIL C F.40	354	7	1162	2.20	87	8.80	"
PHIL C F.45	—	—	1704	5	1000	3.10	"
PHIL C F.50	—	—	2562	5	1551	4.20	"
PHIL P F.40	—	—	101	0.70A	—	—	"
PHIL P F.45	—	—	562	2.10	113	2.40	"
RD C F.90	142	23 B	—	—	—	—	F.115
RD C F.100	515	15.20	572	125.0	—	—	"
RD C F.110	902	3.20 B	887	8.80	555	10	"
RD C F.120	—	—	1332	4.80	315	6.20	"
RD P F.100	—	—	122	1	88	2.70	"
RD P F.110	—	—	90	3.90	142	7.10	"
RO P F.190	—	—	144	0.60	—	—	"
UNIL C F.220	77	2.60	60	10.80	2	15.50	F.219

TOTAL VOLUME IN CONTRACTS 24,863

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls April	Calls July	Calls Oct.	Puts April	Puts July	Puts Oct.
BP (USP 362)	280	84	—	—	1½	—	—
" "	300	64	70	80	2	4	7
" "	330	34	48	64	2	0	12
" "	360	10	24	52	2	12	22
CGF (USP 517)	420	102	112	—	1¼	7	—
" "	460	62	82	89	3	12	17
" "	500	25	47	62	2	30	30
" "	550	5	27	38	35	45	52
" "	600	1	2	13	—	89	—
CTD (USP 07)	70	28	60	51	1	1½	5
" "	80	12	20	21	1	2½	4
" "	90	2	12	13	2	4	3
" "	100	1½	3	7½	5	0	11
CUA (USP 145)	120	22	28	33	1	1½	2½
" "	130	15	20	23	1	4	5
" "	140	6	14	17	3	8	10
" "	160	1	3	0	18	20	23
GEC (USP 217)	180	32	46	52	1	3	5
" "	197	22	—	—	2	—	—
" "	200	—	29	36	—	7	12
" "	217	7	—	—	3	—	—
" "	220	—	15	23	—	14	22
" "	237	1	—	—	23	—	—
" "	240	—	3	—	—	22	—
" "	260	0½	5	—	45	48	—
GM (USP 340)	260	21	—	—	1	—	—
" "	280	31	67	—	1	3	—
" "	300	41	48	53	2	3	2
" "	330	13	25	34	3	13	15
" "	360	8	14	20	21	25	30
" "	390	1	3	10	—	64	56
ICI (USP 400)	300	103	112	—	1	—	—
" "	330	73	82	—	1	3	—
" "	360	43	52	60	1	6	6
" "	390	14	34	42	3	14	12
" "	420	2	18	24	80	25	32
LS (USP 513)	260	61	60	71	1	5	—
" "	280	41	47	62	2	5	0
" "	300	21	20	67	2	9	14
" "	330	2	15	90	13	21	22
M & S (USP 210)	160	60	—	—	1	—	—
" "	180	40	47	52	1	3	3
" "	200	21	30	37	1½	6	10
" "	220	2	17	22	0	14	90
" "	240	1	7	—	22	25	—
SHL (USP 508)	390	114	122	128	1	2	3
" "	420	84	92	100	1½	4	8
" "	460	44	54	62	2	0	18
" "	500	13	25	35	10	18	26

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
BBL (USP 455)	360	100	110	—	1	2	—
" "	390	70	80	—	2	3	—
" "	420	40	60	37	3	10	15
" "	460	12	25	55	14	25	33
" "	300	5	13	27	47	55	63
IMP (USP 113)	90	27	—	—	1	—	—
" "	100	12	—	—	1½	—	—
" "	110	10	10	18	3	4	3
" "	120	4	2	11	3	2	10
" "	130	1	4	6¾	13	15	16
LMO (USP 272)	210	73	63	90	2	4	8
" "	230	32	60	73	3	3	11
" "	250	33	47	57	2	14	20
" "	270	18	33	37	14	20	28
" "	220	3	20	—	23	60	—
" "	320	1	3	—	—	53	—
" "	350	1	—	—	2	—	—
" "	380	1	—	—	2	—	—
LNR (USP 23)	80	3	0½	12	3	3	7
" "	90	2	3	5½	0	12	13
" "	100	0¾	2½	3½	12	10	22
P & O (USP 147)	100	40	50	—	0¼	1	—
" "	110	50	40	—	0½	2	—
" "	120	20	60	31	1	3	5
" "	130	12	22	23	1½	5	0
" "	140	11	14	13	3	8	14
" "	160	2¼	7	10	10	21	23
RCL (USP 479)	420	64	79	82	2	3	13
" "	460	30	45	52	12	12	23
" "	300	7	23	32	32	57	43
" "	550	2	7	—	73	77	—
" "	600	1	2	—	126	125	—
" "	650	1	—	—	175	—	—
RTZ (USP 542)	520	137	—	—	1	—	—
" "	420	127	130	—	2	—	—
" "	460	37	93	—	4	2	—
" "	500	60	60	73	7	17	26
" "	550	16	56	60	23	55	45
VRF (USP $113)	80	—	—	—	1	—	—
" "	70	—	—	—	1	—	—
" "	80	—	—	—	1	—	—
" "	90	24	28	51	2	3½	3
" "	100	13	19½	22½	5½	3½	0½
" "	110	2½	14½	17½	3½	10	14
" "	120	4	10	13½	10½	15	10½
" "	160	2	7	0½	10	—	25½
" "	140	0¾	4½	3	—	—	—

Option		Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
BHM (USP 403)	560	50	56	70	4	7	10
" "	390	27	40	45	12	20	22
GKN (USP 178)	160	22	26	30	3	0	8
" "	180	2	13	10	10	14	17

Apr. 11 Total Contracts 3,149 Calls 2,315 Puts 534

INSURANCE & OVERSEAS MANAGED FUNDS

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

'Asset Builder'	63.7	67.0	----	—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511.

Money Mngr April 1	58.7	61.2	----	—
MMFlexible April 6	48.8	51.4	----	—
Fixed Interest April 1	52.6	55.9	----	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol. BS1 6EA. 0272-279179

Equity	209.5	215.7	----	—
Fixed Interest	[illegible]	[illegible]	----	—
Property	[illegible]	[illegible]	----	—
Deposit	138.5	138.6	----	—
Mixed	[illegible]	[illegible]	----	—
Indexed Stk.	113.3	113.8	----	—

London Life Managed Funds Ltd.

Equity (P.)	148.9	154.3	----	—
Fixed Int. (P.)	157.2	[illegible]	----	—
Property (P.)	111.1	[illegible]	----	—
Deposit (P.)	116.0	[illegible]	----	—
Mixed (P.)	141.9	[illegible]	----	—
Indexed Stock (P.)	119.2	120.0	----	—

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	271.9	—	+0.4	—
Invest. Tst. Fd. Acc.	282.1	—	+0.5	9.4
Property Fund Cap.	116.4	—	—	—
Property Fund Acc.	120.6	—	—	3.5
Flexible Fund Cap.	174.5	—	+0.3	—
Flexible Fund Acc.	182.8	—	+0.2	3.1
Fixed Int. Fd. Cap.	137.7	—	-0.1	—
Fixed Int. Fd. Acc.	143.0	—	—	—
Gtd. Deposit Fd. Cap.	137.4	—	—	—
Gtd. Deposit Fd. Acc.	141.5	—	+0.1	—
Equity Fund Cap.	139.7	—	+0.7	—
Equity Fund Acc.	144.4	—	+0.1	—
International Fd. Cap.	136.7	—	+0.5	—
International Fd. Acc.	141.1	—	+0.5	—

[illegible]

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU 01-680 0606

Property Fund	[illegible]		----	—
Property Fund (A)	[illegible]		----	—
Agricultural Fund	[illegible]		----	—
Agric. Fund (A)	[illegible]		----	—
Abbey Nat. Fund	[illegible]		----	—
Abbey Nat. Fd. (A)	[illegible]		----	—
Investment Fund	[illegible]		----	—
Investment Fund (A)	[illegible]		----	—
Equity Fund	[illegible]		+2.5	—
Equity Fund (A)	[illegible]		+2.5	—
Money Fund	[illegible]		----	—
Money Fund (A)	[illegible]		----	—
Actuarial Fund	[illegible]		----	—
Gilt-edged Fund	[illegible]		+2.2	—
Gilt-Edged Fd. (A)	[illegible]		+2.4	—
Retire Annuity	[illegible]		----	—
Immed. Ann'ty	[illegible]		----	—
International Fd.	236.2	—	-0.5	—

Property Gth Pens & Annuities Ltd

[illegible]

Providence Capital Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

[illegible]

OFFSHORE AND OVERSEAS

NOTES

[illegible]

INTERNATIONAL CAPITAL MARKETS

CCCE launches $100m Eurobond

By Peter Montagnon in London

CAISSE Centrale de Co-operation Economique (CCCE), France's state development agency, yesterday launched a $100m, 11¾ per cent bond in the Euromarkets, the first fixed-rate dollar bond to be launched by a French state borrower since the austerity measures announced before Easter.

Its launch comes against a background of some relative improvement in the secondary market position of French paper since the austerity package. The issue is led by Banque Paribas, Goldman Sachs and Salomon Brothers which have priced the paper at par.

Maturity is in 14 years and seven months, but an unusual feature is that amortisation will be made pro rata with each bond redeemed in instalments to give an average life of 10 years and eight months. There are no call provisions and investors will thus be able to calculate accurately the life of their holdings.

Lead managers are hoping that the new issue will attract switching interest by investors in existing CCCE issues seeking to lock into a high yield for the longer term. But some bankers yesterday added that the new issue will still prove a test of the market's willingness to absorb 15-year paper. Yesterday the bonds were trading at a discount of about 1½ points.

Yesterday's other new issue was a $150m, 10⅞ per cent, seven-year bond at par for Merrill Lynch, which is led by the borrower itself. Merrill Lynch is using its large placing power to underwrite half the issue, which met a good reception from the market and traded yesterday at a discount of about ¾ points.

Seasoned dollar bonds were again firm in relatively quiet trading as the key U.S. Federal Funds rate traded below nine per cent.

In Germany Credit d'Equipement des Petites et Moyennes Entreprises, France's agency for financing small business, has launched a DM 100m, eight-year 8 per cent bond at par through Commerzbank.

Ericsson may make $125m issue in U.S.

By David Brown in Stockholm

ERICSSON, the Swedish telecommunications group, applied yesterday to the U.S. Securities and Exchange Commission (SEC) to make its first issue on the American market with 2.5m shares expected to raise about $125m.

Mr Fritz Staffas, group finance director, said the company hopes to make its shares more acceptable abroad, and feels that the timing in interest on the U.S. market would be good. The funds would be used principally for expansion in the information systems and public telecommunications fields.

They may also be used for short term investment or reduction in bank indebtedness, he added.

The issue is to be handled by Dillon Reed and Morgan Stanley, and it is hoped that approval of OTC (over the counter) trading will be received by May of this year. It will expand the number of Ericsson B shares by about 10 per cent. These are the only kind of shares which may be purchased by foreign investors under Swedish law.

Last year, Ericsson had earnings of SKr 1.3bn ($173m) before allocation and taxes, on sales of SKr 19.5bn. About 80 per cent of group sales are abroad, with 10 per cent in the U.S.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for April 11.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10¾ 90	100	95¾	96¼	-0⅛	-0½	11.10
Japan Bank 13 89	200	106	106½	-0¼	-0¾	11.55
British Col Hyd 10¾ 88	200	98¼	98¾	-0⅛	-0½	10.65
British Col Hyd 15¼ 92	150	117⅝	118⅛	-0⅜	-0⅝	11.93
Canada 14⅛ 87	750	111	111½	0⅜	-0⅛	10.85
Canadair Int 12½ 89	175	105⅜	105⅞	0	-0⅜	11.21
Canadian Wheat 11¾ 90	50	102⅜	102⅞	0¼	-0⅛	11.18
Can Pac Sec 15 89	75	110	110½	-0⅛	-0½	12.49
Citicorp O/S 15 84/92	100	104⅜	104⅞	0⅜	0	9.96
Coca Cola Int 9⅞ 92	100	24⅝	25⅛	0⅛	-0⅛	10.73
Coca Cola Int 11⅞ 89	100	104⅝	105⅛	0	-0⅛	10.61
Credit Suisse BBA 10⅞ 90	150	100¼	100¾	-0⅛	-0¼	10.39
Credit Suisse 10½ 89	100	101	101½	-0⅛	-0½	10.21
Deutsche Bk Fin 14⅛ 89	300	112⅛	112⅝	-1½	-2¼	11.37
Du Pont 11⅞ 95	150	102	102½	0	-0⅛	10.89
Du Pont 14⅞ 88 WW	200	107⅞	108⅜	0⅛	0	12.17
E.D.C. 10⅝ 88	100	100½	101	-0⅛	-0⅜	10.51
E.D.F. 12⅝ 87	150	103⅛	103⅝	0	-0⅛	11.70
E.E.C. 10⅝ 95	75	96⅜	96⅞			11.27
E.E.C. 11½ 95	200	99⅝	100⅛	-0⅜	-0⅜	11.58
E.I.B. 11 91	125	98⅝	99⅛	0	-0⅜	11.18
E.I.B. 15½ 92	100	113⅝	114⅛	-0⅛	-0⅝	12.80
Exp Dev Corp 11⅝ 87	100	102⅝	103⅛	-0⅛	-0½	10.84
Forsmarks 13⅝ 92	75	106⅛	106⅝	-0⅛	-0⅜	12.50
Gaz de France 12⅝ 93	175	20⅜	20⅞	0½	-0⅜	12.13
Gen Elec Credit 9⅝ 81	100	14⅝	15⅛	0⅛	-0⅛	10.67
Gen Elec Credit 12 89	100	106⅝	107⅛	0⅛	0⅛	10.40
GMAC O/S Fin 10½ 90	200	98⅜	98⅞	0	-0⅜	10.80
GMAC O/S Fin 15 87	100	108⅝	109⅛	0⅛	0	12.06
Gulf Oil Fin 12¼ 87	100	103⅝	104⅛	0⅛	-0⅛	11.02
Honeywell Int 10⅝ 90	100	97⅝	98⅛	0	-0⅛	11.17
IBM World Trade 12¼ 92	200	109⅞	110⅜	0	-0½	10.49
Manitoba Prov 11⅝ 89	125	103⅛	103⅝	-0⅛	-0⅛	10.87
Manitoba Prov 13⅝ 88	100	108⅞	109⅜	-0⅛	-0½	11.62
Midland Int Fin 11½ 92	150	100½	101	-0⅛	-0⅜	11.34
Nat West Fin 11⅝ 92	150	102¼	102¾	-0⅛	-0⅜	11.20
New Brunswick 15⅛ 87	75	111⅜	111⅞	0	-0⅛	11.81
Newfoundland 15½ 90	75	113½	114	-0⅛	-0⅛	12.49
Nippon Credit 11⅛ 93	100	98⅛	98⅝	-0⅛	-0⅜	11.50
Nova Scotia Prv 15⅛ 89	75	113⅛	113⅝	0	-0⅛	12.83
Ontario Hydro 11⅛ 88	200	102⅝	103⅛	-0⅛	-0⅜	10.58
Ontario Hydro 12⅝ 92	200	107⅛	107⅝	-0⅛	-0⅜	11.41
Ontario Hydro 15 92	150	117⅛	117⅝	0	-0⅛	11.77
Prudential O/S 10⅝ 93	100	100	100½	-0⅛	-0½	10.58
Prudential O/S 12⅝ 87	150	107⅛	107⅝	-0⅛	-0½	10.56
Quebec Hydro 11½ 92 0	100	101⅝	102⅛	0	-0⅜	11.13
R.J. Reynolds 12⅝ 89	100	104⅝	105⅛	0⅛	-0⅛	11.94
Saskatchewan Pr 10⅝ 90	125	98⅝	99⅛	-0⅛	-0⅛	10.96
S.N.C.F. 11½ 93	100	99½	100	-0⅛	-0½	11.54
Swed Exp Credit 14⅝ 90	100	110⅜	110⅞	-0⅛	-0⅜	12.42
Swiss Bk Corp 10¼ 90	125	101	101½	-0⅛	-0⅜	9.97
Texaco Capital 9⅝ 90	150	94⅝	95⅛	0	-0⅛	10.81
U.B.S. 11 88	150	103	103½	0⅛	-0⅜	10.27
Walt Disney Pro 12½ 89	75	104⅝	105⅛	-0⅛	-0½	11.26
World Bank 10⅝ 88	150	98⅝	99⅛	-0⅛	0	10.64
World Bank 10⅝ 93	100	98⅜	98⅞	-0⅛	-0⅜	11.82
World Bank 11⅛ 98	100	98⅝	99⅛	-0⅛	-0⅜	11.27

Av. price changes: on day -⅛, on week -½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 8¼ 92	80	100⅝	101⅛	0	-0⅛	8.09
Australia 8⅞ 93	200	99	99½	0	-0⅛	6.98
Australia 7⅝ 92	200	104⅝	105⅛	0	-0⅛	3.82
Bank of Tokyo 7¼ 90	100	99⅝	100⅛	0	0⅛	7.22
Bayer Capital 7⅝ 89	150	104⅞	105⅜	-0⅛	-0⅜	6.63
Caisse Nat Energie 8 93	100	100⅛	100⅝	0⅛	0⅛	7.93
Caisse Nat Tele 7⅞ 93	200	98⅜	98⅞	-0½	-0⅛	7.95
E.C.S.C. 7½ 93	150	98⅛	98⅝	-0⅛	-0⅛	7.57
E.E.C. 7⅝ 95	200	100	100½	0	0	7.71
E.E.C. 8 94	200	101⅜	101⅞	0	-0⅛	7.77
Eurofima 7½ 91	100	101⅞	102⅜	0	-0⅜	7.13
Ferrovie Dello 8⅝ 88	150	102⅜	102⅞	-0½	-0⅛	8.07
Gould Int Fin 8⅝ 88	75	103⅛	103⅝	0⅜	-0⅜	7.55
H.J. Heinz Int 8⅝ 88	50	100	100½	0	-0⅛	6.68
Int-Am Dev Bk 8⅝ 93	150	101⅛	101⅝	-0⅛	-0⅜	8.01
Ireland 8½ 00	150	101⅜	101⅞	0	-0⅛	8.10
Ireland 8⅝ 91	150	102⅛	102⅝	-0⅛	0½	8.43
ITT Antilles 7 93	200	98⅛	98⅝	-0⅛	0	7.23
McDonalds Fin 7⅝ 92	100	101⅜	101⅞	0	0	6.80
Mitsui O.S.K. 7⅝ 88	100	100⅛	100⅝	-0⅛	-1	7.12
Mount Isa Fin 7⅝ 90	100	98⅛	98⅝	0	-0½	7.94
Quebec Hydro 8 93	200	103	103½	-0⅛	-0⅜	7.52
Sweden Kingdom 8¼ 88	150	102⅛	102⅝	-0⅛	0⅜	7.77
Volkswagen Int 7⅝ 93	200	98	98½	0⅛	0	7.50
World Bank 7⅝ 93	200	98⅜	98⅞	0	-0⅜	7.45

Av. price changes: on day 0, on week -⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 5½ 95	100	98½	98⅞	0	-0⅛	6.26
American Express 4⅝ 93	100	98½	98⅞	-0⅛	-0½	4.83
Asian D.B. 5⅝ 95	100	99	99¼	-0⅛	0	5.58
BTR Finance 5⅝ 93	75	98	98½	-0⅛	-0⅛	6.08
Daido-Tokyo Bnw 5⅝ 93	80	101⅜	102	-0	0	5.50
Chugoku Ele Pow 6⅝ 91	100	102⅝	103	0⅜	-1	5.65
Chujitsuya Co 5⅝ 93	50	97⅝	98	0	-0⅛	6.17
Ex-Im Bk Japan 5 93	100	96⅝	97	0⅛	0	5.42
First Interstate 6 92	100	103½	103⅞	-0½	0	5.60
Gaz de France 6 93	100	100⅝	101	0	0	5.88
Gothenburg Airport 6 93	50	100	100⅛	0	0	5.98
HCA Finance 5 93	100	97⅛	97½	-0⅛	-0⅛	5.35
Kyushu Elec Power 6 92	100	101	101⅛	0	-1	5.84
Manitoba Prov 5¼ 93	100	101	101½	-0⅛	0	6.08
Nippon Express Co 6 93	50	101⅛	101½	0	0	5.81
Nippon Kokan 5⅞ 93	100	95	95¼	0	-0⅛	6.10
Norsk Hydro 5½ 98	100	98⅝	99½	-0⅛	-0⅛	5.66
O.K.B. 6⅝ 93	80	102	102⅛	-1	-0½	6.44
Quebec 5⅝ 92	100	103	103⅛	-0½	-0⅛	5.33
Shikoku Elec Pow 5⅝ 93	100	97⅛	97⅝	0	0	5.95
Tohoku Elec Power 6 93	100	99⅝	100	-0½	-0½	6.02
Transcanada Pipe 5⅝ 93	100	99⅛	99½	-0½	-0⅛	5.83
Trizec Corp 6⅝ 91	100	100½	100⅞	-0⅛	-0⅜	6.15
Union Bk Norway 5⅝ 93	80	96⅝	97	0⅛	0⅜	5.30
Volvo 5⅝ 91	60	101⅝	102	0	-0⅜	5.08
World Bank 5½ 93	100	100	100⅛	0½	0½	5.48

Av. price changes: on day -⅛, on week -⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	105⅛	106⅝	0⅛	0⅛	7.77
E.I.B. 8¼ 92	15	102⅝	103	0½	-0⅛	7.83
Japan Airlines 7⅞ 87	8†	101	101½	-0½	-0⅜	7.48
New Zealand 7⅝ 89	15	99⅞	100⅜	-0⅛	-0⅜	7.56
World Bank 8½ 92	20	103⅛	103⅝	0⅛	0	7.81

Av. price changes: on day ½, on week -⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Cepme 12½ 90 CS	50†	97⅛	97⅝	-0⅛	-1	13.05
Farm Credit 12⅞ 93 CS	50†	100⅛	100⅝	-0⅛	-0⅜	12.85
Gaz de France 15 88 CS	75†	107	107½	0	-0⅜	13.23
Gaz Metro 14½ 92 CS	40†	103	104	0	0	13.78
Pancanadian 12½ 93 CS	50†	98⅛	98⅝	0⅛	-0⅜	12.77
Quebec Hydro 14 92 CS	60†	106½	107	-0⅛	-0⅜	12.71
Swed Exp CR 12⅝ 88 CS	50†	102	102½	-0⅛	-1	11.53
E.I.B. 11⅝ 91 ECU	80	100	101	-0⅜	0	11.64
Quebec Prov 11½ 89 ECU	50	95⅝	96⅛	—	—	12.52
Amfas 9½ 87 Fl	60	104⅝	105⅛	0	-0⅜	8.18
Austria 7½ 89 Fl	100	100⅛	100⅝	0	0	7.37
Nederland Gas 7½ 88 Fl	100	100½	101	0	0⅜	7.31
Neder Middk 8⅝ 87 Fl	100	104½	105	-0⅛	-0⅛	7.92
Quebec Prov 7½ 88 Fl	100	98⅝	99⅛	0	0	7.71
World Bank 7 88 Fl	150	98⅛	98⅝	0	0⅛	7.37
O.K.B. 14 86 FF	400	99	100	0	-0⅜	14.17
Solvay & Cie 14⅝ 86 FF	200	100⅛	101⅛	0⅛	0⅛	14.44
B.F.C.E. 14½ 87 £	30	108	109	-0½	-1	11.78
C.E.C.A. 13½ 88 £	20	105½	106½	-0⅛	-0⅜	11.91
C.N.T. 12½ 89 £	20	101	102	-0⅛	-0⅞	12.11
E.E.C. 11⅞ 91 £	50	99⅝	100⅝	-1	-1½	11.83
Fin For Ind 12¼ 88 £	30	103⅞	104⅞	-0⅜	-1⅛	11.11
Fin Mat Oranj 12⅝ 92 £	30	25¾	26½	-0⅜	-1⅞	12.41
Gen Elec Co 12½ 89 £	50	105¼	106¼	0½	-0⅜	11.09
Hiram Walker 14⅛ 88 £	25†	107½	108½	-1	-1½	10.98
Mort Bk Fin 11⅞ 88 £	18	26¼	27¼	-1¾	-2⅜	12.58
Norsk Hydro 12 90 £	30	99⅞	100⅞	-1⅜	-3⅜	11.92
Norsk Hydro 14½ 87 £	30	108⅛	109⅛	-0⅜	-1¼	11.63
Quebec 14½ 89 £	30	105⅛	106⅛	-1⅛	-2½	12.41
S.D.R. France 15½ 92 £	30	107	108	-0½	-1⅝	13.95
S.N.C.F. 11½ 89 £	30†	97	98	-1⅜	-2⅜	12.04
Tenneco Int 14⅝ 87 £	30†	107½	108½	0	-0½	12.31
World Bank 11⅞ 91 £	75	27⅜	28½	-1	-1⅜	11.94
Euratom 11 93 LuxFr	500	102½	103½	0	0	10.55
Europarat 12½ 92 LuxFr	500	104	105	0⅛	0	11.58

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Bank of Tokyo 5¼ 91 (D)	0⅛	100⅛	100⅝	10/6	9⅞	9.71
B.F.C.E. 5¼ 88	0¼	99⅝	99⅞	28/7	9¼	9.31
B.F.C.E. 5¼ 87	0⅛	99¾	100¼	27/7	9.94	9.94
Caisse Nat Tele 5¼ 90	0¼	99¼	99¾	21/4	10.56	10.62
C.C.F. 5¼ 95	0¼	99⅝	100⅛	7/10	10.10	10.28
C.C.F. 5¼ 98	0⅛	99⅞	100⅜	24/9	5¼	5.24
Cepme 5¼ 92	0¼	99¾	100¼	10/6	9.94	9.94
Chemical NY 5¼ 94 ‡1	0¼	100½	101	23/9	9⅞	9.80
Credit Agricole 5¼ 97	0⅛	99½	100	24/9	10	10.03
Credit du Nord 5¼ 92	0¼	99¼	99¾	23/9	10⅛	10.18
Credit Lyonnais 5¼ 97	0¼	99⅝	100⅛	1/10	10.06	10.08
Credit Lyonnais 5¼ 94	0⅛	99¾	99⅞	0/7	9¾	9.79
Credit Nat 5¼ 94	0¼	99⅝	99	0/9	9¼	9.36
E.D.F. 5¼ 95 XW	0¼	99⅞	99⅞	10/8	10	10.04
Kansallis Osake 5½ 92	0¼	99⅞	100⅜	6/5	10.06	10.05
Lloyds Eurofin 5¼ 93 S	0¼	100⅜	100⅞	25/4	10.56	10.58
Long Term Cred 5¼ 92	0⅛	100⅛	100⅝	27/5	10⅛	10.10
J.P. Morgan 5¼ 91 S	0¼	100½	101	12/5	9½	9.43
New Zealand 5¼ 87	0⅛	100⅜	100⅞	7/10	10.06	10.00
NZ Steel Dev 5¼ 92	0⅛	100⅛	100⅝	22/6	10.19	10.14
Nippon Credit 5¼ 90	0⅛	100¼	100¾	10/6	9⅞	9.83
Scotland Int 5¼ 92	0⅛	100	100½	23/9	9.94	9.81
Sec Pacific 5¼ 91	0⅛	100¼	100¾	24/5	10.06	10.01
Société Générale 5¼ 95	0¼	99⅜	99⅞	1/6	9½	9.54
Standard Chart 5¼ 91	0¼	100⅜	100⅞	18/5	10.69	10.62
Sweden 5¼ 93	0¼	99½	100	3/6	10.10	10.21
Sweden 5¼ 89	0⅛	99½	100	26/6	9⅝	9.65

Av. price changes: on day 0, on week -⅛.

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	96⅝	97½	-0⅜	15.26
Bridgestone Tire 5½ 96	3/82	470	103	104½	-1⅞	3.50
Canon 7 97	7/82	748.2	178¾	180⅞	-2¼	0.38
Fujitsu Fanuc 4½ 90	10/81	5014	106	108	-0⅜	-36.19
Hitachi Cable 5¼ 96	2/82	515	94⅝	96¼	-0⅛	9.57
Hitachi Credit Corp 5 96	7/81	1012	91¾	93¾	-0½	8.35
Honda Motor 5½ 97	3/82	769.5	111⅞	113¼	-1⅜	8.57
Kawasaki 5⅛ 96	9/81	220	85¾	87¼	-0⅛	33.45
Kumagai Gumi 6½ 97	10/82	400	113⅞	114⅞	0½	1.13
Kyowa Hakko 6⅝ 97	2/83	702	103⅞	105⅛	-0⅛	16.42
Marui 8 98	7/81	789.5	124	125½	-1	6.51
Minolta Camera 5 96	10/81	828.4	75¾	77¼	-1⅛	44.55
Murata 5¼ 96	7/81	1071	108⅞	109⅞	-4	25.69
Nippon Electric 5¼ 97	2/82	795.8	122¼	123⅜	10⅛	8.32
Nippon Oil Co 5½ 98	4/83	964	95⅝	97⅛	0½	4.41
Nissan Motor 5⅛ 98	4/83	770	95¼	96⅜	-0¼	0.86
Olympus Optical 6⅝ 97	12/82	1331	103⅞	104⅞	-2⅜	17.93
Orient Finance 5¼ 97	3/82	1205	104⅞	105¾	-1⅜	38.47
Sumitomo Electric 5½ 97	3/82	577.3	94⅞	96⅝	-0⅛	8.86
Sumitomo Metal 5¼ 96	10/81	296.1	73¾	75¼	0	46.18
Fujitsu 3½ 93 SF	3/83	968	107½	109½	0	15.60
Sharp Corp 3½ 93 SF	3/83	1198	109	111	1	5.50
Konishiroku 6⅝ 88 DM	6/82	616	110¾	111¾	0⅛	12.66
Mitsubishi Heavy 6 89 DM	2/82	263	107	108	0⅜	25.47
Sun Realty 8¼ 92 DM	2/83	365	112⅞	113⅞	-0⅜	1.78

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six month offered rate (‡ three month, § above mean rate) for U.S. dollars. C.cpn = current coupon. C.yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday April 12 1983

Soviets aim to double grain output, Page 33

WALL STREET

Money data allows reins to loosen

THE FEDERAL Reserve's announcement late on Friday of an unexpected fall in M-1 money supply meant that Wall Street started the week in excellent form, with both credit and equity sectors responding favourably, *writes Terry Byland in New York.*

The slackening of upward pressures on money supply, which the market hopes to see confirmed later this week when the latest M-2 and M-3 aggregates are published, brought further easing of yields in the credit sector and a strong rise in share prices.

By 1pm the Dow Jones industrial average was up 12.00 at 1136.71. The upswing in equities – which took in the broad range of industrial, technological and consumer issues – was in part a technical rebound from several sessions of sluggish trading, but also indicated underlying confidence ahead of the quarterly corporate reporting season which gets under way this week.

IBM stood out strongly at $105¾, a rise of $1¼ to a 52-week high which underlined the market's satisfaction with the computer group's corporate strategy.

Also in demand were shares in Honeywell, $⅝ higher at $98; Digital Equipment, which put on $2½ to $118½; and Texas Instruments, $1 higher at $162.

Oil shares, which spearheaded last week's gains in equity markets, were in demand again. Exxon, $1 up at $31⅞; Mobil, $½ up at $29⅜; and Standard Oil of Ohio, $1¼ up at $45⅝, all attracted good retail demand. Among the oil industry service groups, Schlumberger added $⅝ to $42⅝.

General Motors, a weak spot towards the end of last week, recouped $¼ to $57⅝, but other motor issues remained out of favour. Ford, at Chrysler at $17, showed no change from pre-weekend levels.

Another weak spot was Pan American which slipped $⅛ to $4⅜, in a generally dull airline sector.

A boardroom prediction of flat earnings for the first quarter proved no discouragement to buyers of Minnesota Mining and Manufacturing, which gained $¾ to $78¼. Kennametal, the tools and ammunition manufacturer, put on $¾ to $25¾ on its disclosure of a reduced loss in the third quarter.

CBS, the radio and television network operator, added $½ to $68½ after announcing that it will market software for personal computers.

Further encouragement came from a half-point cut in broker loan rates by U.S. Trust, bringing its level to 9½ per cent.

Credit market yields maintained the downward trend established late on Friday. The Federal Funds rate held low at 8⅝ per cent, confirming hopes that it will ease this month as the recent weight of Treasury funding is absorbed.

Three-month Treasury Bills were discounted at 8.18 per cent and six-month bills at 8.28 per cent. But the strongest response to the outlook for interest rates came at the long end of the Treasury bond market, where the benchmark 2012 rose from Friday's late quotation of 98⁹⁄₃₂ to reach 99⅝₂.

The municipal bond sector nervously awaited the outcome of today's meeting between Government and industry leaders striving to avert a default by Washington Public Power Supply System on its $2.25bn in bonds.

A strong Toronto opening was quickly checked, but modest gains remained through much of the day. Base metals and minerals were among the weakest, while Montreal was held back by the papers and publishing sector. Banks were to the fore.

FAR EAST

Tokyo finds bargains in short supply

THE SEARCH for overlooked and bargain-priced issues which had kept Tokyo investors in the market over the past week or more appeared yesterday to have borne all the fruit that it could for the present. With blue chips still near record levels, many participants moved to the sidelines to await new buying stimuli.

The main hope is for a cut in the official discount rate from its current 5½ per cent, a Yamaichi Securities analyst said, although any further pointers to an economic recovery in Japan would be welcomed.

But the wait-and-see attitude allowed the Nikkei-Dow market average to edge up 2.38 from Saturday's close to reach 8,475.9 in thin volume of 280m shares. The stock exchange index firmed 0.49 to 611.03.

High technologies were well maintained. TDK rose Y80 to Y4,320, Canon Y60 to Y1,270, Matsushita Electrical Y20 to Y1,330 and Sony Y40 to Y3,540.

Low-priced large-asset stocks were at a disadvantage. Sanyo Kokusaku Pulp shed Y8 to Y265, Keisei Electric Railway Y9 to Y471, Tokio Marine the same amount to Y521 and Japan Line Y5 to Y190.

Government bond prices firmed, reflecting easier U.S. rates at the end of last week and a seasonal surplus in the money market, bond managers said.

Buying support took a more solid form in Singapore, where the Straits Times industrial index gained 10.95 to 890.25, helped by a crop of good corporate results.

Overseas Union Bank rose 14 cents to S$4.68 on its higher profit figures while Overseas Union Trust, its subsidiary, firmed three cents to S$3.02.

Hong Kong was steady but subdued as early gains were eroded, but the Hang Seng index managed a 7.89 improvement to 1,041.86, its seventh consecutive gain.

Of the property leaders, Cheung Kong slipped 10 cents to HK$10.20, but Swire Properties added the same amount to HK$6.80. Trafalgar Housing, which forecast a loss and cancelled dividends due, was suspended at HK$1.04.

AUSTRALIA

Mines do well

SHARP GAINS by gold-related mining stocks and industrials highlighted a buoyant Sydney session which saw the All-Ordinaries Index close 7.3 higher at 537.2.

Advances outnumbered declines by 190 to 57, with 140 traded issues unchanged. The 16.8m shares traded at a value of A$14.5m, of which A$8.9m was invested in the industrial sector.

BHP added 14 cents to A$6.90, Western Mining 12 cents to reach A$4.47 and CRA 10 cents to A$4.80.

Melbourne continued the firm trend of last week with takeover target Grace Brothers gaining 25 cents to A$4. Like Sydney, gold issues were in demand.

SOUTH AFRICA

Gains trimmed

LATE profit-taking pulled most Johannesburg gold shares off the day's highs, which had been achieved on the back of a firmer bullion price.

Elandsrand nonetheless added R1.50 to R14, while Gold Fields group mines followed the trend after steady quarterly results. GFSA itself picked up R4 to R142.

Anglo-American rose 65 cents to R22.25 and De Beers 33 cents to R9.03, while industrial leader Barlows firmed 10 cents to R12.25.

LONDON

Rate allure proves irresistible

BRIGHTER prospects for lower interest rates and continuing optimism about the economic outlook proved irresistible lures for London investors yesterday. A fresh wave of enthusiasm carried all leading measurements of equity market trends to new highs, the FT Industrial ordinary share index closing 8.9 up at 683.9.

Government securities also strengthened, selected longer-dated stocks jumping more than two points.

Sterling's resumed advance dispelled doubts about renewed exchange rate weakness which might have induced the authorities to postpone cuts in money market intervention rates. These were again left unchanged, but stock market enthusiasm was undaunted and equity values rose persistently throughout the afternoon.

Glaxo proved an exception, however, dropping to 795p on its first-half profits which were short of the more optimistic hopes, before rallying to close a net 80p down at 810p. Other miscellaneous industrial leaders pushed on to record levels on cheaper money hopes. Fisons gained some 19p to 602p, Unilever 13p to 828p and Beecham 10p to 403p.

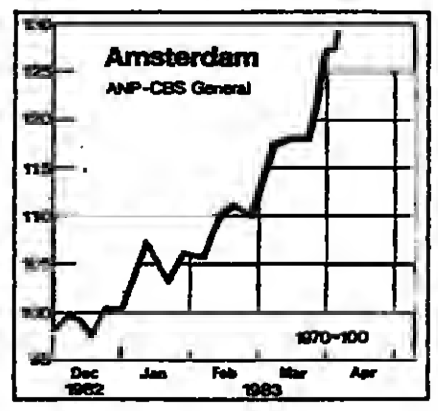
Thomas Tilling closed 13p dearer at 189p, after touching 196p, after its strong rejection of BTR's 185p cash or share-exchange hid, currently worth 198p per share; BTR fell to 406p before ending 14p down at 418p. Another unwelcome bid, General Felt's 520p per share cash offer for Sotheby's, left the auction house 35p higher at 525p.

Domestic and overseas investors singled out longer-dated gilts, still free of Government tap, and quotations soared. Longer mediums were also strong with rises of around 1⅛, but maturities in the region of the proposed new tap, Treasury 10½ per cent 1989, ended only marginally better. Shorter-dated gilts joined in the advance.

Heavy buying interest from Johannesburg led to a renewed shortage of South African golds, and financials were highlighted by persistent and sizeable buying of Anglo-American, which moved up 14p to a 1982-83 peak of 540p, and De Beers, which edged up 5p to a high of £13⅛.

Recently buoyant Australians continued to gain ground following further strength in overnight domestic markets. The leading diversified miners were most impressive; with CRA 7p stronger at a year's best of 277p.

Share information service, Page 34-5



EUROPE

Amsterdam attracts the Germans

WEST GERMAN investors made their presence felt in Amsterdam yesterday with purchases which provided strong gains for many leading issues in busy trading activity – a switch of attention which suggests a belief that the Dutch bourse may still have some way to go in its present upward trend – while many German stocks began to display signs of instability at their peak levels.

The Amsterdam indices attained new highs for the year, with the general index up two points at 129.1, the industrials 0.7 higher at 109 and the internationals 3.3 up at 132.1.

Highs for the year were registered by Philips, up Fl 1.40 to Fl 47.20; Akzo, 60 cents stronger at Fl 59.10, and Royal Dutch/Shell, up Fl 2.40 at Fl 115.00.

Dutch bond prices slipped about 30 basis points on average during the session, indicating average government sector yields higher at 7.78 per cent.

Higher prices in brisk Paris trading in part reflected a ⅜ point cut in call money rates to 12¼ per cent. Institutional buying and foreign demand boosted prices with the foods and hotels sector the most sought after.

BSN gained FFr 85 at FFr 1,730, Carrefour FFr 45 at FFr 1,465 and Jacques Borel FFr 6 at FFr 155.

Milan attracted only thin trading dominated by technical factors connected with the end of the trading month.

The market reacted coolly to Friday's one-point cut in the discount rate to 17 per cent, with banking issues mixed and small gains for industrials, holding companies and property issues.

Zurich dealers identified interest rate uncertainty as the reason for keeping operators to the sidelines in a day of light volume and mostly steady prices. The weaker dollar and the bond market's stronger performance did provide some encouragement, however.

Credit Suisse eased as did Alusuisse on further analysis of its higher 1982 group loss announced on Friday.

An opening rally in Frankfurt ran out of momentum due to a lack of volume consolidating the upper levels, according to dealers, but the underlying tone remained firm.

Daimler went as high as DM 520 but drifted lower to finish at DM 517.50, a gain of 70 pfg.

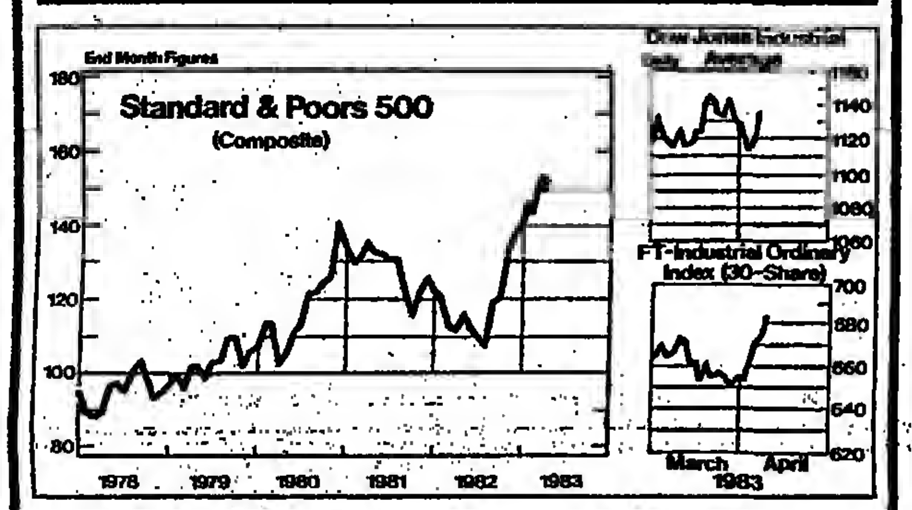
Yesterday's report by the West German Banking Association that the prospects for an economic recovery have improved helped to push the Commerzbank index to 920.3 from Friday's 916.4.

Banks were lower, with Deutsche Bank DM 4.30 down at DM 322.60, Dresdner off DM 2.50 at DM 169 and Commerzbank DM 3.90 poorer at DM 154.10.

The Brussels bourse was higher in moderate trading following the Wall Street lead, with the Belgian Shares index at 118.92 against 118.29.

Lively trading in Stockholm moved prices higher with pharmaceuticals, vehicles and forest groups in the limelight.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Apr 11	Previous	Year ago
DJ Industrials	1136.42*	1124.71	842.94
DJ Transport	508.58*	509.37	348.84
DJ Utilities	124.72*	124.31	110.52
S&P Composite	153.96*	152.85	116.22
LONDON			
FT Ind Ord	683.9	675.0	560.3
FT-A All-share	428.22	423.01	321.19
FT-A 500	466.55	460.70	345.30
FT-A Ind	431.64	427.68	314.19
FT Gold mines	618.0	598.7	259.2
FT Govt secs	82.75	81.90	66.76
TOKYO			
Nikkei-Dow	8475.19	8472.81	7204.56
Tokyo SE	611.03	610.54	530.18
AUSTRALIA			
All Ord.	537.3	529.7	468.8
Metals & Mins.	498.2	489.4	332.8
AUSTRIA			
Credit Aktien	53.03	52.70	52.20
BELGIUM			
Belgian SE	118.92	118.29	101.23
CANADA			
Toronto Composite	2168.3*	2159.3	1606.0
Montreal Industrials	368.12*	366.44	286.65
Combined	361.37*	359.77	271.55
DENMARK			
Copenhagen SE	131.54	130.86	94.98
FRANCE			
CAC Gen	118.5	116.8	100.3
Ind. Tendance	125.7	123.8	113.7
WEST GERMANY			
FAZ-Aktien	305.39	304.48	237.51
Commerzbank	920.3	916.4	724.7
HONG KONG			
Hang Seng	1041.36	1034.17	1206.86
ITALY			
Banca Comm.	205.38	204.46	191.16
NETHERLANDS			
ANP-CBS Gen	129.1	127.1	91.7
ANP-CBS Ind	109.0	108.3	72.9
NORWAY			
Oslo SE	161.28	157.73	101.88
SINGAPORE			
Straits Times	890.25	879.30	736.30
SOUTH AFRICA			
Golds	858.2	n/a	459.4
Industrials	845.4	n/a	592.5
SPAIN			
Madrid SE	closed	116.00	125.34
SWEDEN			
J & P	1284.42	1265.84	582.01
SWITZERLAND			
Swiss Bank Ind	313.8	313.6	261.5
WORLD	Apr 8	Prev	Yr ago
Capital Int'l	166.5	166.1	133.0

GOLD (per ounce)

	April 11	Prev
London	$430.00	$421.50
Frankfurt	$426.75	$421.50
Zürich	$427.50	$421.50
Paris (fixing)	$429.23	$423.58
New York (April)	$431.50	$421.70

* indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR Apr 11	U.S. DOLLAR Previous	STERLING Apr 11	STERLING Previous
£	1.5270	1.5050	–	–
DM	2.4195	2.4250	3.69¾	3.65¼
Yen	237.70	239.30	363¼	360.5
FFr	7.2550	7.2775	11.07¾	10.95
SwFr	2.0450	2.0590	3.12½	3.10
Guilder	2.7270	2.73425	4.16¾	4.11¾
Lira	1441¾	1444¾	2201	2,174½
BFr	48.19	48.29	73.60	72.70
C$	1.2325	1.2345	1.8820	1.8580

INTEREST RATES

Euro-currencies (three month offered rate)	April 11	Prev
£	10¾	10⁷⁄₁₆
SwFr	4⁹⁄₁₆	4⁹⁄₁₆
DM	5⁷⁄₁₆	5⁷⁄₁₆
FFr	13⅝	15¾
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⁷⁄₁₆	9⁹⁄₁₆
6-month U.S.$	9⁹⁄₁₆	9⅝
U.S. Fed Funds	8⅝*	8⅝
U.S. 3-month CDs	8.95*	9.00
U.S. 3-month T-bills	8.18*	8.35

U.S. Treasury Bonds

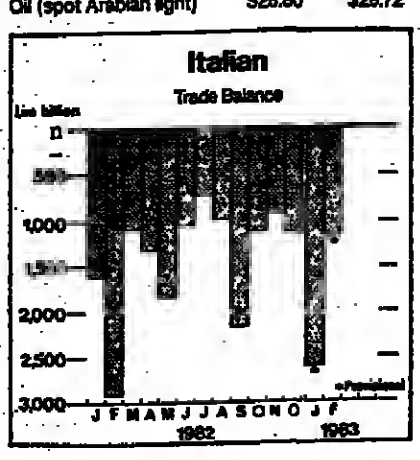
	April 11 Price	April 11 Yield	Prev Price	Prev Yield
9⅝ 1985	100⁷⁄₃₂*	9.49*	99²⁹⁄₃₂	9.66
10½ 1990	101⅛₂*	10.27*	100¹⁵⁄₃₂	10.40
10⅜ 1993	102²⁷⁄₃₂*	10.39*	102⅜₂	10.50
10⅜ 2012	99¹⁵⁄₃₂*	10.44*	98¹⁹⁄₃₂	10.55

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	77–26	77–31	77–14	77–00
U.S. Treasury Bills (IMM) $1m points of 100%				
June	91.89	91.94	91.82	91.68
Cert Deposit (IMM) $1m points of 100%				
June	91.13	91.19	91.01	90.93
LONDON				
Three-month Eurodollar $1m points of 100%				
June	90.81	90.84	90.66	90.62
20-year Notional Gilt £50,000 32nds of 100%				
June	106–30	107–05	106–20	105–26

LONDON COMMODITY MARKETS

	April 11	Prev
Silver (spot fixing)	729.05p	733p
Copper (cash)	£1074.50	£1076.80
Coffee (May)	£1807.50	£1815.50
Oil (spot Arabian light)	$28.80	$28.72



Prices at 3pm, April 11

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
13⅛	5¼	AAR	.44	4.6	16	43	11	10¾	10⅞	-⅛
38	27½	ACF	2.76	6.5	9	50	32⅝	32¼	32½	+⅛
20	12⅝	AMF	1.36	8.1	32	895	17	16⅝	16⅞	+⅛
28⅝	13¼	AMR Cp				1507	27¼	26⅝	27	-¼
14⅝	4	AMR	wt			202	13½	13¼	13¼	-⅛
18⅝	12⅝	AMR	pf2.18	12.		16	17⅞	17⅝	17⅞	
32⅝	24⅝	AMR	pf2.13	6.8		z202	31½	30⅞	31⅝	
6⅝	2½	APL				28	5⅞	5⅝	5⅞	+⅛
47⅞	24⅛	ARA	2.05	4.4	14	69	47⅛	46½	47	+⅛
79⅞	24½	ASA	3a	4.4		788	68½	67¼	68¼	+2½
28¼	13⅞	AVX	.32	1.3	33	34	25½	24⅝	24⅝	-⅛
44⅝	27⅝	AbtLab	1	2.4	17	x723	42¾	42¼	42½	+¼
29¼	26½	AccoW	n.12e	.4	20	28	27⅞	27¼	27¾	+⅛
22½	15⅝	AcmeC	.40	2.0	23	20	20½	20¼	20½	-⅛
12⅝	5⅛	AcmeE	.32b	3.0	28	14	11	10⅝	10⅝	-¼
17⅞	4¼	AdmDg	.04	.2	15	180	16⅝	15¾	16⅝	+1⅛
17⅞	12⅝	AdaEx	1.73e	11.		72	16	15¾	16	+⅛
9⅞	4⅝	AdmMI	.20e	2.1	13	21	9⅝	9½	9½	
23⅝	12⅞	Advest	s.15	.7	15	159	u24¼	22¾	24	+1¼
39¼	13	AMD	s		51	1629	33⅞	32⅞	33⅛	+⅛
47⅞	32⅞	AetnLf	2.64	6.8	8	1326	38⅞	38⅛	38¼	+⅝
37⅝	6	Ahmns	.60	1.6		2849	36¾	35¾	36¼	+1⅞
4	2⅞	Aileen				35	3¼	3	3	-⅛
49⅛	23⅝	AirPrd	.96	2.6	12	1104	41	39⅝	41	+2
24¼	8⅝	AirbFrt	.60	3.0	26	28	20	19½	19⅞	+⅛
3	2	AlMoa	s		4	14	2⅛	2⅛	2⅛	+⅛
31⅛	24⅝	AlaP	pfA3.92	13.		12	31¼	31	31	-⅛
7⅛	5⅝	AlaP	dpf.87	12.		47	7⅛	7	7⅛	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

B—B—B

C—C—C

D—D—D

E—E—E

F—F—F

G—G—G

H—H—H

I—I—I

J—J—J

K—K—K

L—L—L

M—M—M

N—N—N

Continued on Page 31

AMERICAN STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, April 11

Continued on Page 32

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued from Page 30

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
29¾	17½	WelFM	3 80	9.9	15	113	28½	28⅛	28⅜	+ ¼
16	9½	Wendy	s .24	1.3	16	2882	u10⅞	17⅞	18½	+ ⅛
24¼	12⅛	West	s .38	1.6	15	347	22½	21⅞	22⅝	+ ⅜
40½	31½	WPenP	pf4.50	13		z190	38¼	39	39	
49	21⅝	WstPtP	2	4.3	10	42	46⅞	45⅞	46⅞	+ ¾
12⅞	9	WstctT	g1.84			2	11¼	11¼	11¼	+ ½
7⅞	3⅜	WnAirL				324	5⅞	6⅞	6⅞	- ⅛
18¼	8⅝	WAir	pf			7	14⅜	14⅜	14⅜	- ⅛
13⅞	6⅞	WCNA	.24	3.5	5	368	7⅛	6⅞	6⅞	- ⅛
53	46	WCNA	pf7.25	14.		1	51½	51½	51½	+ ⅜
69½	50½	WPacl			11	5	69½	69½	69½	
54¼	25¼	WUnion	1.40	3.4	13	383	42	40⅞	41⅛	+1

Continued on Page 32

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

...inued on Page 3

WORLD STOCK MARKETS

CANADA

DENMARK

NETHERLANDS

AUSTRALIA

JAPAN (continued)

FRANCE

NORWAY

SPAIN

HONG KONG

GERMANY

SWEDEN

SINGAPORE

AUSTRIA

BELGIUM/LUXEMBOURG

SWITZERLAND

JAPAN

SOUTH AFRICA

ITALY

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

AMERICAN STOCK EXCHANGE PRICES

Continued from Page 31

LONDON

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BP	362	+10
De Beers Dfd.	540	+14
Dunlop	56	+ 5
Fisons	602	+19
Glaxo	810	−60
ICI	404	+ 8
London & Liverpool	400	−18
Loraine	443	+24
Racal Elec.	479	+13
RTZ	540	+ 7
Saxon	170	−15
Shell Trans.	504	+18

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Saxon Oil	37	185	+23
Mellins	32	158	+ 8
Lon. & Liv. Tst.	31	418	+ 2
Glaxo	27	870	
Bio-Isolates	26	228	−12
Exco Intl.	26	688	− 7
Turner & Nwll.	25	45	+ 5
BAT Inds.	24	690	−25
Burmah Oil	23	169	− 5
Arlen Elect.	21	288	− 2
GEC	21	212	+ 8
Racal Elec.	20	465	+14
Bowater	19	179	+ 7
Polly Peck	17	£19⅝	

NEW HIGHS AND LOWS FOR 1983

Highs and lows in the Share Information Service and associated statistics are changed today from 1982/83 to current year figures.

NEW HIGHS (136)

INTERNATIONAL BANK AND O'SEAS GOVT STLG ISSUES (1)
COMMONWEALTH AND AFRICAN LOANS (1)
FOREIGN BONDS (1)
LOANS (1)
AMERICANS (3)
CANADIANS (1)
BANKS (2)
BUILDINGS (2)
CHEMICALS (4)
DRAPERY AND STORES (8)
ELECTRICALS (11)
ENGINEERING (5)
FOODS (4)
HOTELS (4)
INDUSTRIALS (21)
INSURANCE (7)
LEISURE (3)
MOTORS (4)
NEWSPAPERS (2)
PAPER (3)
PROPERTY (4)
TEXTILES (5)
TRUSTS (25)
OIL AND GAS (8)
PLANTATIONS (2)
MINES (4)

NEW LOWS (5)

BRITISH FUNDS (1)
Exchequer 2½pc 1987
ELECTRICALS (1)
Munford White
ENGINEERING (1)
Utd Wire
INDUSTRIALS (1)
Billam (J.)
SHIPPING (1)
Milford Docks

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Mar 28	Apr 15	June 30	July 11
Apr 18	Apr 29	July 14	July 25
May 3	May 13	July 28	Aug 8

For rate indications see end of Share Information Service

Money was given for the call of Jenks and Catell, CASE, Turner and Newall, Jentique, Dunlop, RHP, Lonrho, UKO International, Trident TV, Hamos Gold and Phoenix Assurance. Consolidated Gold Fields were dealt in for the put, while a double option was arranged in Burmah.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Mon April 11 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri April 8 Index No.	Thur April 7 Index No.	Wed April 6 Index No.	Tues April 5 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (206)	[illegible]	+1.3	8.41	3.67	15.80	[illegible]	[illegible]	[illegible]	[illegible]	362.75
2 Building Materials (23)	[illegible]	+0.7	9.45	4.37	12.81	[illegible]	442.15	[illegible]	[illegible]	322.63
3 Contracting, Construction (30)	792.75	+0.4	11.31	4.24	10.64	789.43	792.44	776.70	774.00	588.75
4 Electricals (33)	[illegible]	+2.1	6.91	2.82	18.61	[illegible]	[illegible]	1617.71	[illegible]	1264.78
5 Engineering, Contractors (10)	[illegible]	+2.1	14.77	6.30	8.29	[illegible]	[illegible]	447.13	[illegible]	[illegible]
6 Mechanical Engineering (64)	[illegible]	+0.7	10.88	5.26	11.53	217.31	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (11)	[illegible]	+0.4	10.26	6.19	11.89	184.67	[illegible]	[illegible]	[illegible]	158.25
9 Motors (18)	[illegible]	+1.3	0.42	6.36	—	97.85	96.91	97.81	96.28	94.29
10 Other Industrial Materials (17)	[illegible]	+0.7	7.23	4.76	18.38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (201)	[illegible]	+0.6	9.82	4.18	12.37	[illegible]	[illegible]	[illegible]	[illegible]	297.41
22 Brewers and Distillers (23)	[illegible]	+0.9	11.08	4.66	11.02	453.39	[illegible]	[illegible]	433.23	[illegible]
25 Food Manufacturing (21)	[illegible]	+0.3	13.50	5.55	8.66	[illegible]	[illegible]	[illegible]	[illegible]	271.42
26 Food Retailing (14)	[illegible]	+1.9	7.37	2.81	17.06	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	PRICE INDICES	Mon April 11	Day's change %	Fri April 8
	British Government			
1	5 years	117.81	+0.32	117.43
2	5-15 years	130.57	+0.82	129.65
3	Over 15 years	143.57	+1.53	141.41
4	Irredeemables	153.90	+1.40	151.66
5	All Stocks	130.33	+0.90	129.25
6	Debentures and Loans	104.09	+1.31	102.36
7	Preference	79.82	−0.25	80.25

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	87	1	11
Corpns. Dom. & Foreign Bonds	31	3	45
Industrials	488	178	869
Financial & Props.	231	45	244
Oils	48	17	47
Plantations	7	2	13
Mines	82	12	59
Others	52	65	53
Totals	1,024	321	1,141

FINANCIAL TIMES STOCK INDICES

	April 11	April 8	April 7	April 6	April 5	Mar. 31	year ago
Government Secs.	82.75	81.90	81.81	82.03	80.97	80.82	66.76
Fixed Interest	84.65	83.78	83.47	83.41	82.89	82.74	67.33
Industrial Ord.	685.9	675.0	672.2	668.9	664.0	665.1	560.3
Gold Mines	618.0	598.7	602.6	590.5	582.5	559.7	258.6
Ord. Div. Yield	4.58	†4.65	†4.68	†4.74	†4.81	†4.81	5.80
Earnings, Yld.% (full)	9.43	9.48	9.51	9.98	10.13	10.13	11.18
P/E Ratio (net) (*)	13.90	12.84	13.80	12.12	11.93	11.94	11.19
Total bargains	26,361	27,745	27,336	27,805	26,306	25,286	16,052
Equity turnover £m.	—	302.94	357.0	264.37	327.92	204.21	94.38
Equity bargains	—	24,462	23,983	24,086	27,096	24,395	11,412
Shares traded (ml)	—	205.0	238.9	174.5	181.7	141.4	75.2

10 am 680.1. 11 am 681.3. Noon 680.8. 1 pm 680.8.
2pm 682.1. 3 pm 682.6.
Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.
† Correction.
Nil=12.03.
Latest Index 01-246 8026.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.75 (11/4)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.25 (11/4)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	680.9 (11/4)	598.4 (12/1)	683.9 (11/4/83)	49.4 (26/6/40)
Gold Mines	734.7 (18/2)	531.5 (28/3)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	April 8	April 7
—Daily		
Gilt Edged Bargains	166.0	203.1
Equities Bargains	158.0	155.4
Value	612.3	721.6
5-day Avrge		
Gilt-Edged Bargains	192.5	191.5
Equities Bargains	160.7	159.2
Value	569.0	605.2

NEW YORK PRICES

Continued from Page 31

NEW YORK AND CANADA

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

MONTREAL

TORONTO

U.S. INDICES: 2.30 PM VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

COMMODITIES AND AGRICULTURE

Strength of sterling pushes copper lower

BY RICHARD MOONEY

RENEWED STERLING strength coupled with the announcement of a 27th successive weekly rise in London Metal Exchange warehouse stocks pushed copper values lower yesterday. But prices finished the day several pounds above the lows with the LME cash quotation finishing at £1,074.50 a tonne, £2.25 down from Friday's closing level.

LME copper stocks went up by 2,025 tonnes to a total of 310,600 tonnes, the highest for four years.

Indications of further support from the International Tin Agreement buffer stock held the tin market relatively steady despite the downward pressure provided by the rise in the pound and a 710 tonnes rise in LME stocks to 38,340 tonnes. Cash standard tin ended £10.50 down at £9,270.50 a tonne.

The ITA buffer stock manager was still buying three months delivery tin yesterday but some traders expect him to start bidding for cash metal soon. Last week buffer stock borrowing support lifted the cash price £20 above the three months quotation briefly.

The rise in LME lead stocks also continued, another 400 tonnes addition taking the total to a record 180,850 tonnes. This, together with the sterling advance, encouraged a fall of £8.25 in the cash price to £295.50 a tonne.

The zinc market remained depressed in spite of a 1,475 tonnes cut in LME stocks to 92,200 tonnes. Cash metal ended £7.50 down from Friday at £443 a tonne.

Other changes in LME stock levels last week were: aluminium, up 4,325 tonnes to 267,650; nickel, up 408 tonnes to 13,118; and silver, down 1.08m ounces to 33.56m.

Nancy Dunne writes from Washington: Two Bills introduced last week by Mr Morris K. Udall, Chairman of the House Interior Committee, could raise U.S. copper prices and boost the domestic industry at the expense of exports.

Under one provision, the government would spend $85m to buy about 100,000 tonnes of copper for the U.S. strategic stockpile. Mining state Congressmen tried but failed last year to push copper purchases for the stockpile. However, economic conditions in the industry have worsened with 12,000 workers still unemployed.

Although prices have risen from a low of 57 cents a pound last summer to about 81 cents, the increase is not sufficient to make production in many mines profitable.

The second Bill sponsored by Mr Udall, an influential Democrat from Arizona, would establish an "environmental equalisation" tax of 10 cents a pound on copper imports from countries which do not have environmental standards equivalent to those in the U.S.

Imports produced in countries with similar standards would not be taxed at all. Those produced under less stringent regulations would be taxed up to 10 cents after the Treasury determines the degree of cost advantage accruing to the foreign producer.

An aide to Mr Udall said the Congressman is concerned about sulphur dioxide emissions, some of which enter U.S. airspace and some which may contribute to the worldwide problem of acid rain.

Soviet Union aims to double grain production

THE USSR is to double its grain production by 1985-90 compared with the 1961-65 level, Ivan Tikhomirov, deputy chief of the Central Board of Flour Milling Industry of the Ministry for State Purchases, said, in Rotterdam yesterday.

He gave no figures but it was felt that if the target was reached Soviet import requirements could be cut dramatically.

Tikhomirov told the conference grain production had increased 1.5 times in the past 15 to 20 years. The Soviet food programme envisaged further increases in annual grain production, in 1981-85 by 1.85 times, in 1985-90 double compared with the 1961-65 level, he said.

Bread was the traditional food for the Soviet Union and in spite of the high level of graded flour production (91 per cent of total flour produced), demand mainly for high grade flour was still increasing, he said.

Speeding up and intensifying Soviet grain production was a key problem in agriculture, he added.

Tikhomirov said the task was to meet growing Soviet needs for high quality food and fodder grain, to build up grain reserves and to have grain for export.

He referred to a seven-year Soviet campaign to update agricultural amchinery and said more grain driers and silos were planned to prevent grain losses in storage. Transportation and distribution of grains were also to be improved.

Price rise forecast for natural rubber

PRICES for natural rubber can be expected to rise towards the second half of this year, the Malaysian rubber producers' council in Kuala Lumpur said in its 1982 annual report.

The prospects were brighter for the year ahead because of the price stabilisation measures undertaken by the International Natural Rubber Organisation and economic recovery in major industrial countries, it said.

On the London physical market yesterday the RSS No. 1 natural rubber price fell 4p to 74.5p a kilo. Dealers said a downward correction had been expected following last month's strong rise.

Seasonal increases in offerings were meeting continued slack physical demand, they added.

UN chief in food crisis plea

MR EDOUARD SAOUMA, the director-general of the UN Food and Agriculture Organisation is pressing for an enlargement of emergency stocks to guard against a possible world food crisis, FAO officials said.

He is also urging UN member states, due to attend a meeting on world food security starting in Rome tomorrow to consider a plan aimed at removing the threat of a repeat of the 1972-74 food crisis.

Quality crackdown

THE government yesterday cracked down on farmers and shopkeepers caught selling poor quality fruit and vegetables by raising fines for breaking the common quality standards from £100 to £1,000.

AUTHORITIES CLAMP DOWN ON THE DRUG QAT

Somalis prune the Tree of Paradise

BY A SPECIAL CORRESPONDENT

THE Somali Government's decision to outlaw the drug qat, a narcotic leaf, chewed by thousands of Somalis for generations, sheds light on one of the region's most curious and least publicised, international commodities.

President Muhammad Siad Barre banned the cultivation, sale and importation of the stimulant on March 20, because, he said, qat had a destructive effect on family life and was responsible for many divorces, due to husbands buying the drug.

The prohibition will be enforced by heavy fines and stiff prison sentences.

President Barre's efforts are just one of many attempts to suppress a narcotic, which has been variously compared in its effects with cocaine, amphetamine, coffee and tobacco. Somali users of the drug call it the Tree of Paradise.

Medical research in the 1950s said excessive use could lead to loss of memory and impotence.

In 1935 the League of Nations studied it but the World Health Organisation still lists qat as "a non-narcotic drug."

It is questionable whether President Barre will meet with any greater success, since the task facing him is nothing less than the complete reformation of the recreational habits of a large section of the population. But total eradication may not be Barre's goal.

With a popular, separatist movement to the north and the Ethiopian conflict weighing heavily on his hands, it is unlikely that the President would take on a population bereft of qat, however deep his concern over the divorce rate.

One must look elsewhere for a motive, to the pressing foreign exchange shortage perhaps, and the way that hard currency leaks over the borders, along culverts opened by the qat trade.

Qat is the only, quasi-legal, international cash crop sold exclusively on the spot market and the pickings are extremely rich. In 1981, qat was Ethiopia's second most valuable agricultural export and Djibouti raised $13.5m (£9m) in revenue from sales. Growers are secretive so it is difficult to guess the acreage under qat in Kenya, but in the tiny market of Muringani, more than $50,000 is taken a week from qat sales.

Catha Edulis (qat's botanical name) grows in mountain forest above 4,000 ft, and the 20 ft trees can yield for up to 200 years.

The Nyambene Hills, known locally as The Green Triangle, after the Asian opium belt, are renowned for the quality of its produce, and peasants harvest the trees three times a year. Every afternoon, the farmers emerge from their highland orchards, laden with bundles of sprigs, wrapped in banana leaves to keep the plants moist. Dealers buy 50-kg sacks at around $50 and strap them on to fast taxis for the night-run to Nairobi and Mombasa.

The destination of much of Kenya's qat is Mandera, a parched north-eastern town, wedged between the Somali and Ethiopian borders. There, qat can be safely taken over the border for the onward road journey to Mogadishu, where the sacks sell for $500.

The Kenyan attitude to qat is uncertain. Growers in the Nyambene Hills were often publicly urged to form co-operatives and increase production, but there was not much enthusiasm. Qat farmers traditionally grow tea and coffee, which also thrive at high altitude, but recently co-operative members have been forced to wait more than six months for payment for their crops. Qat, on the other hand, remains a true "cash" crop, perhaps the only one, in an agricultural industry that is fast earning itself a bad credit rating. Growers prefer to remain independent. There are no storage problems, no processing requirements, no difficult techniques and, most importantly, no shortage of customers.

The loss of the Somali market will hurt the Nyambene farmers but not drastically. After all, they are sitting on a mountain of green gold and qat will not go away.

But President Barre's ban will bring the Kenyan qat industry out of the shadows for a time. In so doing, it may force the Kenyan authorities, and other governments in the area to examine their attitude to a cash crop upon which thousands depend, but which for generations has existed in a kind of "legislative limbo." Neither commodity nor crime; neither vice nor a victual.

As for President Barre, it remains to be seen whether in pruning the Tree of Paradise, he can maintain his stance.

Coffee growers to discuss controls

THE WORLD's top three coffee growers have called a special meeting in London this week to tighten controls on sales to non-members of the International Coffee Organisation (ICO).

Sr Octavio Rainho, the president of the Brazilian coffee Institute (IBC) said Brazil, Colombia and the Ivory Coast invited eight other exporting countries to discuss a sharp increase in sales to non-ICO members last year.

Brazil wants to find out if the coffee was resold to third countries, against ICO regulations.

The two-day meeting is to start on Thursday.

Sr Rainho said sales to non-members rose to 9.5m bags last year from 5.7m bags in 1979. He added many of these countries were traditionally small consumers without markets to justify the higher purchases.

He said: "This doesn't mean the (ICO) controls aren't working or that there is a diversion of Coffee, but it could come to be a problem—perhaps even a threat to the quota system."

Brazil, the world's top coffee producer, and other major growers export coffee according to quotas set by the ICO. This year Brazil will produce about 29.4m bags and hopes to export up to 17.5m bags to ICO members. Each bag weighs 132 lbs (60 kilos).

In 1981, the world's coffee growers produced about 80m bags and exported nearly 60m bags, according to IBC figures. AP

India's tea exports fall

INDIA'S tea exports fell 198m kilos in 1982-83 from 240m kilos in the previous financial year.

Reduced off-take by major importers like the Soviet Union, Iraq, Afghanistan and Libya are largely responsible for India's lower tea exports but a major reason also was a shortage of good quality tea in the early months of this year which may have kept buyers away.

PRICE CHANGES

In tonnes unless stated otherwise	Apr. 11 1983	+ or —	Month ago
Metals			
Aluminium	£880	......	£810/815
Free Mkt	$1545/1575	—35	$1525/455
Copper			
Cash h grade	£1074.5	—2.25	£1050
3 mths	£1104.25	—2.5	£1085.25
Cash Cathode	£1055	—3.5	£1031.5
3 months	£1085.5	—3	£1061.5
Gold troy oz	$430	+8.5	$427.5
Lead Cash	£295.5	—8.25	£297.5
3 months	£306.875	—7.875	£309.5
Nickel	£4833		£4611
Free mkt	280/250c	+10	225/255c
Palladium	$120.50	+7.5	$99.75
Platinum	£271.20	+3.85	£274.70
Quicksilver†	$315/330	—5	$335/340
Silver troy oz	729.05p	—3.95	726.15p
3 mths	746.30p	—4.00	744.95p
Tin cash	£9290.5	......	£8990
3 month	£9270.5	—10.5	£9020.5
Tungsten	$81.15	......	$77.97
Wolfram 22.04 lb	$90/92	......	$86/89
Zinc Cash	£443	—7.5	£455.75
3 mths	£457.75	—7.5	£471.75
Producers	$780	......	$750

	Apr. 11 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$587.5y	......	$480
Groundnut	$505w	......	‡
Linseed Crude	‡		‡
Palm Malayan	$420z	+5	$377.5
Seeds			
Copra Philip	$380y	......	$320
Soyabean (U.S.)	$261	+2.5	$236.5
Grains			
Barley Fut. Sep	£111.20	+0.15	£120.20
Maize	£147.00	+1	£149.00
Wheat Fut. Jul	£138.10	+0.55	£135.20
No2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1238	—22	£1362.5
Fut. July	£1215.5	—13	£1317.5
Coffee Ft. July	£1649	—17.5	£1756
Cotton A. Index	80.15c	+0.05	77.95c
Gas Oil May	$248.75	—0.25	$235
Rubber (kilo)	74.5p	—4	75p
Sugar (Raw)	£108w	—2	£109
Woolt'ps 64s	400p kilo	......	489p kilo

‡ Unquoted. z May. x June. y May-June. v April-June. w April-May. † Per 76-lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.45-29.15	+0.05
Iranian Light	26.50-27.06	+0.05
Arabian Heavy	26.20-26.60	—0.02
North Sea (Forties)	29.35-29.55	+0.05
North Sea (Brent)	29.50	+0.10
African (Bonny L't)	29.80-29.85	—0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	297-308	+0.5
Gas oil	248-257	+5.5
Heavy fuel oil	163-165	—1.5

GAS OIL FUTURES

The market opened on the highs and traded quietly in a narrow range throughout the morning. A weak opening in the New York gasoline market put pressure on prices later in the day, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
April	249.00	—	250.50-48.50
May	248.75	—0.25	251.00-48.00
June	246.00	—0.00	248.50-45.50
July	245.50	—0.25	247.50-45.25
Aug	247.50	—0.50	248.00-47.00
Sept.	249.50	—1.25	251.00-48.50
Oct.	250.25	—1.25	253.00-50.00
Nov.	253.00	—1.00	255.00-53.00
Dec	253.50	—4.00	—

Turnover: 2,789 (3,918) lots of 100 tonnes.

GOLD MARKETS

Gold rose $8½ an ounce from Friday's close in the London bullion market yesterday to finish at $429½-430½. The metal opened at $425½-426½, its lowest level of the day and improved to touch a high of $430-431. Trading was rather quiet with the metal boosted in thin trading by the dollar's weaker trend.

In Paris the 12½ kilo bar was fixed at FFr 100,50 per kilo ($429.23 per ounce) in the afternoon compared with FFr 100,150 ($429.47) in the morning and FFr 99,000 ($423.58) on Friday afternoon.

In Frankfurt the 12½ kilo bar fixed at FFr 100,150 per kilo ($429.00 per ounce) against DM 32,850 ($421.99) previously and closed at $426½-427½ from $421-422.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $427.25 from $425.25.

In Zurich gold finished at $426-429 from $420-423.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
April	429.50-30.5	+8.150	428.20
May	432.00-33.0	+8.000	—
June	435.00-35.5	+8.000	435.90-32.1
July	438.00-39.5	+7.750	—
August	441.50-42.5	+8.250	442.30-39.3
Sept	445.50-46.5	+8.750	—
Oct	446.00-50.0	+8.500	—

Turnover: 869 (706) lots of 100 troy ounces.

	April 11		April 8	
Gold Bullion (fine ounce)				
Close	$429½-430½	(£281¼-282)	$421-422	(£279¼-280)
Opening	$425½-426½	(£280¼-281)	$424½-425½	(£282-282¾)
Morning fixing	$427.75	(£281.046)	$423	(£280.504)
Afternoon fixing	$426.75	(£280.204)	$421.25	(£280.086)

Gold Coins Apr. 11					
Krugrnd	$442-443	(£290½-290)	King Sov	$104¼-105¼	(£68½-69¼)
½ Krg	$225¾-235½	(£153¾-154¼)	Victoria Sov	$104¼-105¼	(£68½-69¼)
¼ Krg	$120-120¾	(£78¼-79)	French 20s	$90¼-92¼	(£59¼-60¼)
1/10 Krug	$49.50	(£32 32¼)	50 pesos Mex	$528-550	(£345½-347)
Mapleleaf	$440½-441½	(£288½-289¼)	100 Cor. Aust	$414-415	(£271-273¾)
New Sov.	$101¼-102	(£66¼-66¾)	$20 Eagles	$555-565	(£363½-370)
½ New Sov	$60¼-61½	(£39½-40¼)			

EUROPEAN MARKETS

PARIS, April 11.

Cocoa—(FFr per 100 kg): May 1290/1295, July 1320 bid, Sept 1390 asked, Dec 1400/1410, March 1415 bid, May 1430 bid, July 1450 bid.

ROTTERDAM, April 11

Wheat—(U.S. $ per tonne): U.S. No. Two Red Winter April 183, May 183, June 180, July 159, August 161. U.S. No. Three Amber Durum April/May 186, May 185, June 184, July 184. U.S. No. Two Northern Spring 14 per cent April 187, May 186.50, June 184.50, July 184, August 182.50. Canadian Western Red Spring April May 203.

Maize—(U.S. $ per tonne): U.S. No. Three Yellow April 146, May 146, June 146, July/Sept 144.50, Oct/Dec 138, Jan/March 144 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports April 255, May 256, June 259.50, July 262, August 264.50, Sept 267, Oct 269, Nov 269, Dec 272, Jan 276.50, Feb 280.50, March 283.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent arrived 224.50, April 218/220/221, May 221 traded; afloat 225, April 221, May 221.50, June 222, April/Sept 226, May/Sept 225.50, Oct 236, Nov/Dec 243, Nov/March 245 sellers. Pellets Brazil afloat 229.50 to 234 (depending on position), April 226, May 226, April/Sept 230.50, May/Sept 230.50 sellers.

Sugar—(FFr per tonne): May 1565/1570, July 1645/1660, August 1665/1669, Oct 1710/1720, Nov 1719/1725, Dec 1780/1790, March 1902/1910, May 1950/1965.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were easier on the London Metal Exchange following the rise in sterling. Copper initially gained ground reflecting the rise in gold coupled with Middle Eastern demand but subsequently eased to close the late kerb at £1,101. Lead and Zinc moved similarly to close at £305.5 and £458 respectively. Tin was little changed at £9,270: the backwardation widened to around £20. Nickel was actively traded on the late kerb prior to ending the day at £3,307.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	1070.5-1	—6	1074-5	—2.25
3 months	1100-.5	—5.5	1104-.5	—2.5
Settlem't	1071	—6	—	......
Cathodes				
Cash	1050-.5	—9.25	1055.5-5.5	—3.5
3 months	1079-80	—7	1085-4	—3
Settlem't	1050.5	—9.5	—	......
U.S. Prod.	—	—	*79-83	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,070.50, three months £1,103, 04, 03, 02, 01, 1,100.50. Cathodes: Cash £1,051, 50, three months £1,079. Kerb: Higher Grade, three months £1 101, 1,100.50. Afternoon: Higher Grade, three months £1,101, 1,100.5, 1,100, 1,104, 05, 04.5, 04. Kerb: Higher Grade, three months £1,104, 05, 04.50, 04, 03.50 03, 02.50, 02, 01.50, 01. Turnover: 26,275 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	9285-90	—3	9290-1	......
3 months	9270-1	—10.5	9270-1	—10.5
Settlem't	9290	—1	—	......
Standard				
Cash	9285-90	—3	9290-1	......
3 months	9270-1	—10.5	9270-1	—10.5
Settlem't	9290	—1	—	......
Straits E.	$31.50	......	—	......
New York				

Tin—Morning: Standard, cash £9,285, three months £9,271, 70, 71. Kerb: Standard, three months £9,270, 71, 73, 71. Afternoon: Standard three months £9,20. Kerb: Standard three months £9,270. Turnover: 2,495 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	294-.5	—9.5	295-6	—8.25
3 months	305.75-6	—8.87	306.75-7	—7.87
Settlem't	294.5	—9.5	—	......
U.S. Spot	—	......	—	......

Lead—Morning: Three months £306, 05.50, 05.75. Kerb: Three months £306, 05. Afternoon: Three months £305.5, 05, 05.5, 06, 06.5, 07. Kerb: Three months £306, 06, 06, 05.50, 06, 05, 05.50. Turnover: 13,850 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	440-.5	—10.1	443.5-3.5	—7.5
3 months	455-.55	—10.2	457.5-8	—7.5
Settlem't	440.5	—10.5	—	......
Primw'ts	—	......	*40.75	......

Zinc—Morning: Cash £440.50, 40.25, three months £457, 56, 55.50, 56. Kerb: Three months £456, 57. Afternoon: Three months £456.5, 56, 57, 58. Kerb: Three months £459, 59.50, 59, 58.50, 59. Turnover: 8,775 tonnes.

ALUMINIUM

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	898-9	—15	899.5-98.5	—11.5
3 months	916.5-8	—12.5	916.5-7	—11.5

Aluminium—Morning: Three months £915, 15, 14, 15, 16, 17, 16, 15.5 16, 17, 19. Kerb: Three months £916, 15, 16, 15.50, 15, 14. Afternoon: Three months £915, 16, 16.5, 16, 17 17.5, 17, 19.5. Kerb: Three months £917, 18, 17, 16, 15.50, 15. Turnover: 16,425 tonnes.

NICKEL

Nickel—Morning: Cash £3,230, 25, 20, 15, three months £3,325, 20 15, 10, 15, 20, 25, 20, 15. Kerb: Three months £3,319, 10, 05, 330, 3,295, 3,300. Afternoon: Three months £3,306, 10, 08 05. Kerb: Three months £3,305, 3,300, 3,290, 85, 80, 75, 70, 80, 85, 90, 3,300, 3,310, 3,300, 3,295, 3,300, 3,310, 20, 10. Turnover: 3138 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3218-20	—31	3210-20	—40
3 months	3305-10	—38.5	3303-5	—40

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

LME—Turnover 105 (88) lots of 10,000 ozs. Morning: Three months 750.0 50.5. Kerb: Three months 750.5, 51.0. Afternoon: Three months £753, 54.5. Kerb: Three months £754.0, 53.9, 53.0.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	729.05p	—3.95	738p	+1.5
3 months	746.30p	—4.00	753.9p	+8
6 months	763.40p	—4.35	—	......
12months	799.60p	—5.75	—	......

Silver was fixed 3.95p an ounce lower for spot delivery in the London bullion market yesterday at 729.05p U.S. equivalents of the fixing levels were: spot $11.111, up 8.1c; three-month $11.363, up 8.1c; six-month $11.613, up 8.1c; and 12-month $12.158, up 8.1c. The metal opened at 729-731p ($11.07-11.11) and closed at 735-737p ($11.23-11.27).

COCOA

After opening £15 lower futures lost further ground during the morning but rallied at the end of the day and closed on a steady note, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1196-97	—28.5	1205-185
July	1215-18	—18.0	1221-03
Sept.	1229-30	—18.0	1234-169
Dec	1254-55	—6.0	1254-50
March	1274-76	—7.3	1275-60
May	1290-95	—5.0	1295-75
July	1302-10	—7.5	1300-28

Sales: 5,662 (4,437) lots of 10 tonnes.

ICCO—Daily price for April 8: 80.42 (81.85). Indicator prices for April 11: 82.07 (82.59).

COFFEE

During a quiet session prices traded within a narrow range in light volume, reports Drexel Burnham Lambert.

COFFEE	Yest'day's Close	+ or —	Business Done
May	1605-10	—8.0	1616-97
July	1648-50	—17.5	1660-47
Sept.	1612-15	—1.5	1615-05
Nov.	1571-72	+0.5	1577-68
January	1540-49	—1.0	1548-39
March	1511-20	—7.5	—
May	1488-95	—0.5	1490

Sales: 1,360 (2,806) lots of 5 tonnes.

ICO Indicator prices for April 8 (U.S. cents per pound): Comp. daily 1979 121.44 (121.10); 15-day average 123.20 (123.32).

GRAINS

Old crops opened 20-25p lower while new crops were unchanged. Old crop wheat was sold down to 50p lower at which level buyers produced a rally. In the afternoon nervous selling again pushed the market lower before it rallied to close near the highs of the day. The tone all day confused and nervous with new crop wheat also easier, reports Acli.

WHEAT			BARLEY	
Mnth.	Yesterd'ys close	+ or —	Yest'd'ys close	+ or —
May	136.30	+0.35	122.50	—
July	138.10	+0.55	—	—
Sep.	117.75	—0.10	111.20	+0.15
Nov.	120.30	—0.25	114.38	+0.05
Jan	123.40	—0.25	117.45	+0.05
May	126.50	—0.20	120.45	+0.05

Business done—Wheat: May 136.40-5.80, July 138.20-7.30, Sept 117.75 only, Nov 120.40 only, Jan 123.50 only, March 126.00-5.50. Sales: 239 lots of 100 tonnes. Barley: May 123.00-2.20, Sept 111.20-1.05, Nov untraded, Jan 117.45 only, March 120.45 only. Sales: 30 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent May 134.50, June 133.25, July 133 transhipment east coast sellers. English feed fob April 139 east coast seller. Maize: French April 147 trans shipment east coast seller. Barley: English feed fob April 128, May 130, August 112, Sept 114.50, Oct/Dec 115.50 east coast sellers. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 121.50, E. Mids 124.90, Scotland 120.30. The UK monetary coefficient for the week beginning Monday April 18 (based on HGCA calculations using 4 days exchange rates) is expected to remain unchanged.

POTATOES

April and May were held up for much of the day by buying interest at previous contract lows, but prices broke through in the afternoon, hitting some stop-loss selling which added to the fall. New crops attracted buyers as the wet weather delays field work, reports Coley and Harper.

Month	Yesterd'y close	Previous close	Business Done
	£ per tonne		
April	50.90	53.20	55.20-51.00
May	57.00	58.60	58.70-56.80
Nov.	67.60	65.80	67.80-66.20
Feb.	75.10	73.60	75.00-75.00
April	85.20	83.50	85.20-84.00

Turnover: 764 (493) lots of 40 tonnes.

RUBBER

The physical market opened about unchanged, drifted lower throughout the day and closed on an easier note. Lewis and Peat reported a May fob price for No. 1 RSS in Kuala Lumpur of 262.5 (same) cents a kg and SMR 20 237.5 (same).

No. 1 R.S.S.	Yesterdys close	Previous close	Business Done
	£ per tonne		
May	746-769	768-780	—
June	751-760	778-785	—
Jly-Sept	758-760	785-787	777-760
Oct-Dec	775-773	803-804	805-771
JanMch	790-792	824-825	810-792
Apl-Jne.	810-811	845-847	833-810
Jly-Sept	833-836	867-869	855-839
Oct-Dec	847-857	887-891	874-846
Jan-Mch	870-870	912-913	897

Sales: 397 (1,338) lots of 15 tonnes: nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 74.50p (78.50p); May 75.75p (78.25p); June 76.50p (79.25p).

SOYABEAN MEAL

The market opened 30p easier in dull conditions, reports T. G. Roddick. Prices remained fixed on stronger sterling and firm nearby cash markets.

	Yesterday's close	+ or —	Business Done
	£ per tonne		
April	153.50-55.5	+2.85	155.50-52.50
June	151.50-51.7	+0.55	151.80-51.20
August	152.30-53.2	—	152.70-52.00
October	158.50-58.5	—0.45	—
Dec	165.50-65.8	—	165.30-64.50
Feb	169.60-71.8	+0.30	—
April	170.50-70.7	+0.25	170.50-69.80

Sales: 34 (56) lots of 100 tonnes.

SOYABEAN OIL—The market opened $1.00-2.00 higher in quiet trade and remained steady throughout the day. Close (U.S. $ per tonne): April 417, 441, 430; June 437, 448, 435; August 447, 458, 445; Oct 454, 470, untraded; Dec 464, 486, untraded; Feb 475, 489.50, untraded; April 485, 513.50, untraded. Sales: 15 (35) lots of 25 tonnes.

SUGAR

LONDON DAILY SUGAR—Raw sugar £108 (£110) a tonne cif April-May shipment. White sugar £142 (£144). The market was contained within a narrow range in dull trading conditions, reports C. Czarnikow.

No.4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
May	118.85-18.98	122.50-22.60	123.50-19.50
Aug	128.50-28.60	131.50-31.60	131.50-28.60
Oct	135.75-35.80	139.00-39.00	139.00-35.60
Dec	141.50-41.75	144.90-44.75	144.00-42.00
March	149.75-50.00	152.55-52.70	152.00-54.75
May	153.50-54.25	155.00-57.00	—

Sales: 2,793 (2,926) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.90 (same) a tonne for home trade and £213.50 (£215.50).

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for April 9: Daily price 6.49 (6.34); 15-day average 6.40 (5.37).

COTTON

LIVERPOOL—No spot or shipment sales were registered. The movement of supplies was severely limited and business was far from brisk. Even demand showed little sign of broadening, although various American type growths were in request. Lack of enterprise among users was responsible for the general curtailment of activity.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 405, 412, 405; August 424, 427, 425-420; Oct 428, 430, 429-426; Dec 434, 435, 435-434; Jan 436, 438, 437-435; March 442, 445, 445-443; May 452, 455, 454-453; August 461, 465, 462; Oct 471, 475, 472. Sales: 80.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 567.0, 588.0, 567.5; July 590.0, 591.0, 589.5; Oct 578.5, 579.0, 579.0-578.5; Dec 588.1, 588.5, 588.5-587.5; March 608.5, 609.0, 609.0-608.5; May 618.5, 620.0, 618.0-617.0; July 620.5, 631.0, 630; Oct 620.0, 627.0, untraded. Sales: 43.

INDICES

FINANCIAL TIMES

Apr. 8	Apr. 7	M'th ago	Y'ar ago
273.58	272.48	261.67	—

(Base: July 1 1952=100)

REUTERS

Apr. 11	Apr. 8	M'th ago	Y'ar ago
1757.2	1764.0	1721.0	—

(Base: September 18 1931=100)

MOODY'S

Apr. 8	Apr. 7	M'th ago	Y'ar ago
1042.8	1043.2	1035.5	892.3

(December 31 1931=100)

DOW JONES

Dow Jones	Apr. 8	Apr. 7	Month ago	Year ago
Spot		139.05	138.39	126.38
Fut'rs	138.61	144.25	140.82	131.08

(Base: December 31 1974=100)

TEA AUCTIONS

LONDON TEA AUCTION—38,064 packages were on offer in this week's sale including 8,449 packages offered in the offshore section. Demand was good and general. Assams opened about lower but thereafter were 1p to sometimes 3p dearer. East Africans, despite some irregularity, were generally firm to dearer but closed—2p lower except for selected lines. Central Africans were fully firm.

The few Ceylons offered sold well with quality sorts dearer. Offshore teas met useful overseas support and bright teas sold readily, but others were irregular with some withdrawals. Quotations: Quality 147p a kg (148), medium 135p a kg (135p), low medium 123p a kg (124p).

JUTE

JUTE—C and f Dundee SWC £272, BWD £243, BTB £311, BTC £271, BTD £242; c and f Antwerp SWC £271, BWD £242, ATC £270, BTD £241; c and f Dundee April: 40 in 10 oz £14.29, 40 in 7.5 oz £10.71; B twills £39.79.

MEAT/FISH

SMITHFIELD — Pence per pound. Beef—Scotch killed sides 76.2-82.0; English hindquarters 97.3-100.5, forequarters 52.5-56.3. Veal—Dutch hinds and ends 128.0-132.0. Lamb—English small (new season) 112.0-118.5, medium (new season) 109.0-113.0, heavy (new season) 103.0-110.0. Imported: New Zealand PL (new season) 62.3-63.0, PX 49.0-49.3. Sheep—English 60.0-100.0; Scotch 62.0-96.0. Pork—English under 100 lb 35.0-50.0, 100-120 lb 40.7-47.3, 120-160 lb 38.2-44.7.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.99p per kg lw (—1.75). GB—Sheep 215.59p per kg est dcw (+13.01). GB—Pigs 66.44p per kg lw (—0.43).

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £5.00-6.00, codlings £2.50-3.80; large haddock £4.20-4.80, medium £3.20-4.30, small £2.00-2.80; best small plaice £4.00-5.00; skinned dogfish (large) £6.00; lemon sole (large) £10.50, (small) £8.00; rockfish £3.00-4.50; reds £1.30-2.00; saithe £1.20-2.10.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: Mandarins—Cyprus: 5.60-9.40. Ortaniques—Jamaican: large boxes 8.00. Karas—Spania: 5.40-9.00. Tangers—Jaffa: 9.50-7.00. Oranges—Spania: Navels 5.00-6.00; Jaffa: Shamouti 40 5.50, 50 5.80, 60 6.35, 75 6.65, 88 9.65, 108 9.40, 123 5.40, 144 8.25, 168 8.00; Moroccan: Valencia Lates 5.60-6.00; Cyprus: Valencia Lates 5.00-6.00. Lemons—Cyprus: 9-kg 2.60-3.60; Spania: tray 5-kg 25/50 1.40-1.50; Jaffa: carton 3.20-5.00. Grapefruit: Cyprus: 23/56 2.80-4.00, Ruby 32/48 5.00-5.80; Jaffa: 274.50, 32 4.65, 36 4.95, 40 9.20, 48 5.20, 56 4.75, 64 4.60, 75 4.50, 88 4.35; United States: Ruby 8.50-8.00 according to size. Apples—New Zealand: Cox's 12.50-13.00; Cape: 18-kg Golden Delicious 8.50-10.50, Starking 8.50-9.50, Cox's 12.00-13.00, United States: Red Delicious 12.00-14.00; Chilean: Granny Smith 18-kg 9.00-9.50; French: 18-kg Golden Delicious 5.00-5.00, Starkcrimson 4.00-6.80, Granny Smith 9.00-8.80; Italian: Golden Delicious 18-kg 4.50-4.60, Granny Smith 9-kg 2.60-3.20. Pears—Cape: 33-lb Beurre Hardy 7.00-8.00, Packhams 9.00-8.50, Coralco 33-lb 9.00-11.00; Chilean: Packhams 28-lb 7.00-7.70; Dutch: Conference 15-kg 7.70; Italian: Passacrassana 12/14-lb, per 0.12-0.18. Grapes—Cape: Barlinka 5.00, Waltham Cross 5.40-5.50; Chilean: Thompson 11-lb 9.00-8.50, Ribier 11-lb 9.50. Strawberries: Israeli: 8-oz 0.70; United States: 12-oz 1.20-1.30; Spanish: 8-oz 0.35-0.50. Melons—Cape: yellow 7.00-8.00, white 7.00-7.50; Brazilian: yellow 10-kg 7.00-9.00; Chilean: 15-kg white 8.50-10.50, green 9.00-10.00. Pineapples: Ivory Coast: 20's 0.47-½, 12'C 0.65, 12'S 1.00, [illegible] Ghanaian: each 0.90-1.20 according to size; Kenyan: 8's 1.20-1.60; Cape: 5/9's 8.00-7.00. Bananas—Colombian: 40-lb boxes 10.20-10.50. Avocados—Israeli: 4.00-5.00; South African: 5.00. Paw Paws—Brazilian: 6.50-7.00. Kiwifruit—United States: 11.50-12.00. Asparagus—United States: per lb 1.90-2.20. Fennel—Italian: 20-lb 5.50-6.00. Mangoes—Mexican: box 8.00-8.00; Kenya: box 8.00.

Computer system serves plants and the pious

BY A SPECIAL CORRESPONDENT

IN ISRAEL, God works hand in hand with science and the computer. He must, if the Israeli sabbath, Saturday, is to be observed as required by the devout of the Jewish faith.

For many of them are farmers whose crops cannot be allowed to suffer from neglect on the one day a week when all work is forbidden.

And work, to the strictly faithful on the country's 200-or so kibbutzim, which export more than a quarter of their produce, means turning irrigation taps on and off and maintaining the supply of nutrients to highly-bred plants which are fastidious in their requirements.

But the needs of both plants and piety are served by systems of computerised automation which make farming in the country among the world's most sophisticated. Apart from diamonds, it is the industry that accounts for most of Israel's exports.

Although religion asserts itself less in the agricultural processes of most other countries, systems developed by Israel are lately, for reasons more utilitarian, being adopted in Europe and many other parts of the world, and from the inventions and applications that were first used for the benefit of its own aggriculture Israel is now developing a secondary industry in manufacturing and exporting them to countries with similar needs and less know-how.

Lack of soil fertility and water rather than holy zeal first caused Israel to embark on the development of techniques to stretch those basic resources to the utmost. In the 1960s she introduced drip-irrigation, which by the end of that decade had revolutionised the growing of grapes, bananas, cotton, tomatoes and much else. Not only were losses of water from evaporation by sun and wind dramatically reduced, but leaves not regularly drenched were more resistant to disease and salty or brackish water could be used without harming foliage.

The latest advance in drip-irrigation, known as "fertigation," consists of metering liquid fertiliser into the source of water during irrigation, improving the growth of plants and saving up to 30 per cent on the cost of fertiliser.

Drip-irrigation and, where they are still used, sprinklers, are controlled by computers which, responding to sensors measuring such factors as wind, moisture, temperature and humidity, and to the programming that reconciles these variables with the plants' needs, cause the system to deliver water and nutrients in just the right quantities and proportions at the moment required.

Whereas in the 1950s Israel was utilising less than 20 per cent of its available water, which is limited to what flows out of Lake Galilee into the River Jordan and the rather meagre amount God sends from the sky, the proportion of water used productivity today exceeds 95 per cent.

Until recently, the country's computerised units were confined to single kibbutzim or farms, but increasingly they are being integrated into master systems that are more powerful and versatile and control production in entire regions, optimising water usage on an hourly, daily, monthly or even —when long-range planning is required by the strict allocation of so limited a supply—yearly basis.

With precisely metered droplets directed to individual plant roots in place of the more wasteful sprinkler system, drip-irrigation has revolutionised the growing of scores of horticultural products, tomato yields havings, for example, quadrupled on Kibbutz Saad since the present system superseded the other.

A self-contained system for a small farm, including the Israeli-made computer, costs around $25,000 (£16,50)—an investment which, manufacturers say, can be recouped in one or two seasons from the improvement it produces.

A priority for the scientists serving Israel's agriculture is to study ways in which computers can be used to sense out as yet unknown factors in production so that its scope and efficiency can be still further improved. They are also working on procedures to make the present and future technology for farmers without much education easier to manage.

FT LONDON SHARE INFORMATION SERVICE

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1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
300	210	Falcon Rh.50c	250	.....	Q25c	10.3	6.4
21	16	Wankie Col. Z$1	20	+1	Q5c	♦	17.9
28	18	Zam Cpr SBD0.24	20	.....	—	—	—

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling continues to advance

Sterling showed further signs of recovery on the foreign exchanges yesterday, following the acceptance of BNOC's price proposals by the major buyers of North Sea oil. The pound rose to its highest level since January 24 on a trade weighted basis against major currencies in general, and was at its best point since February 25 in terms of the dollar.

Hopes of a period of stability in world oil prices boosted the pound, and the improving sentiment was also helped by a decline in Eurodollar interest rates. This followed favourable reaction to the U.S. money supply figures published on Friday, and resulted in a slight weakening of the U.S. currency yesterday. The dollar moved within a narrow range against most major currencies however.

STERLING — Trading range against the dollar in 1982-83 is 1.9265 to 1.4540. March average 1.4893. Trade-weighted index 81.6, against 81.4 at noon, 81.1 at the opening, 80.6 at Friday's close, and 92.8 six months ago. Sterling has shown signs of recovery following the acceptance of price proposals by BNOC's major customers.

Sterling opened at $1.5130-1.5140, the lowest level of the day, but then moved up sharply to around $1.5230-1.5240 by mid-morning. In the afternoon it touched a peak of $1.5270-1.5280, and closed at $1.5265-1.5275, a rise of 2.20 cents from Friday. The pound also advanced to DM 3.6975 from DM 3.6525 against the D-mark; to FFr 11.0750 from FFr 10.95 against the French franc; to SwFr 3.1250 from SwFr 3.10 in terms of the Swiss franc; and to Y363.25 from Y360.50 against the Japanese yen.

DOLLAR — Trade-weighted index (Bank of England) 122.2 against 123.1 six months ago. The dollar has been firm during a period of uncertainty about oil prices and the recent upheavals in the EMS. U.S. interest rates have not fallen as once expected, although better money supply figures have once again renewed hopes of a further decline.

The dollar fell to DM 2.4195 from DM 2.4250; to FFr 7.2550 from FFr 7.2775; to SwFr 2.0450 from SwFr 2.0590; and to Y237.70 from Y239.30.

D-MARK — Trading range against the dollar in 1982-83 is 2.4940 to 2.2410. March average 2.4102. Trade-weighted index 131.0 against 126.6 six months ago. German economic strength and low inflation compared with many of its neighbours have once again caused strains within the EMS. The latest realignment gives the D-mark room for appreciation as it is currently placed close to the bottom of the system.

The dollar was a little weaker at yesterday's fixing in Frankfurt. Euro-dollar rates showed a weaker trend following a fall in last week's U.S. money supply figures. Sterling rose on acceptance of BNOC's oil price proposals and was fixed at DM 3.6840 from DM 3.6470. Within the EMS the French franc remained at its ceiling of DM 33.350 per FFr 100 as was the Danish krone at DM 28.165 per DKr 100.

ITALIAN LIRA — Trading range against the dollar in 1982-1983 is 1,489.75 to 1,196.00. March average Trade weighted index 52.3 against 53.3 six months ago. The latest EMS realignment has placed the lira at the top of the system. However Italy's high inflation and economic problems could begin to slowly push the lira lower.

The lira was a little weaker overall in Milan yesterday but remained the strongest member of the EMS by a comfortable margin. The dollar was lower at L1,441.95 from L1,445.05 while sterling rose to L2,195.50 from L2,172.40. The D-mark was hardly changed at L595.75 compared with L595.76 and the French franc was static at L198.66 against L198.69.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.3662	44.7965	+0.97	+0.41	±1.5430
Danish Krone ...	8.04412	7.99077	−0.66	−1.22	±1.6419
German D-Mark	2.21615	2.25010	+1.58	+1.02	±1.0567
French Franc ...	0.75271	0.74786	−0.66	−1.22	±1.4018
Dutch Guilder ...	2.49587	2.53548	+1.59	+1.03	±1.4941
Irish Punt	0.71705	0.712206	−0.68	−1.24	±1.6696
Italian Lira	1386.78	1340.24	−3.36	−3.36	±4.1463

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Apr. 11	£	$		£ Note Rates
Argentina Peso	105,845-106045	69,560-69,010	Austria	25.80-26.10
Australia Dollar	1.71060-1.7580	1.1516-1.1520	Belgium	74-74¾
Brazil Cruzeiro	646.12-648.12	425.96-425.19	Denmark	13.01-13.14
Finland Markka	8.2905-8.3065	5.4303-5.4325	France	11.00-11.19
Greek Drachma	126.581-125.768	83.60-84.00	Germany	3.67-3.71
Hong Kong Dollar	10.23½-10.25½	6.7245-6.7295	Italy	2100-2195
Iran Rial	127.95*	84.90*	Japan	361-366
Kuwait Dinar (KD)	0.4444-0.445	0.29135-0.29200	Netherlands	4.13½-4.17½

*Selling rates.

CURRENCY MOVEMENTS

Apr. 11	Bank of England Index	Morgan Guaranty Change %
Sterling	81.6	−38.7
U.S. dollar	122.2	+11.9
Canadian dollar	90.0	−17.4
Austrian schilling	122.1	+31.3
Belgian franc	94.5	−1.3
Danish kroner	85.0	−9.2
Deutsche mark	131.0	+56.3
Swiss franc	151.3	+106.6

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 11	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.711874	0.011065
U.S. $	8½	1.08866	0.929429
Canadian $	0.54	*	1.14664
Austria Sch	3¾	18.4125	15.8142
Belgian F	11	52.1842	44.7965
Danish Kr	8½	9.30005	7.99077
D mark	4	2.62030	2.25015
Guilder	3½	2.95187	2.53548

* CS/SDR rate for April 8: 1.33467.

THE POUND SPOT AND FORWARD

April 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Nethlnd.	4.13½-4.17½	4.16¼-4.17¼	2-1½c pm	0.04	6½-4⅞ pm	4.91
Belgium	73.00-73.70	73.55-73.65	5-15c dis	−1.63	28-38 dis	−1.79
Denmark	13.05-13.12	13.10½-13.11½	3⅞-4⅞ore dis	−3.66	10⅞-11⅞ dis	−3.37
Ireland	1.1620-1.1720	1.1680-1.1690	0.58-0.74p dis	−6.67	1.40-1.73dis	−5.36
W. Ger.	3.67-3.70½	3.69¾-3.70¾	2-1½pf pm	3.88	4⅞-4⅞ pm	0.00
Portugal	146.50-149.00	148.00-149.00	290-1365c dis	−66.87	620-2,150dis	−37.31
Spain	206.75-207.15	206.75-206.95	125-250c dis	−10.88	415-580 dis	−9.62
Italy	2,190-2,202	2,200-2,202	7-11lire dis	−4.91	31-36 dis	−6.09
Norway	10.89-10.96	10.93-10.94	2½-3⅞ore dis	−3.36	8½-9½ dis	−3.27
France	11.00½-11.08½	11.07-11.08	1⅞-2¼c dis	−1.90	8½-10½ dis	−3.43
Sweden	11.35-11.43	11.41-11.42	⅞-1⅞ore dis	−1.05	2½-3¼ dis	−1.01
Japan	361-365	362¼-363¼	1.40-1.20y pm	4.29	3.60-3.40 pm	3.86
Austria	25.80-26.05	25.97-26.02	11½-9½gro pm	4.90	33½-27¼ pm	4.64
Switz.	3.10½-3.13½	3.12-3.13	1⅞-1⅝c pm	6.24	4⅞-4⅞ pm	5.92

Belgian rate is for convertible francs. Financial franc 74.10-74.20. Six-month forward dollar 0.34-0.29c pm. 12-month 9.50-0.35s pm.

THE DOLLAR SPOT AND FORWARD

April 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canada	1.2320-1.2346	1.2320-1.2330	0.01-0.04c dis	−0.24	0.05-0.08dis	−0.21
Nethlnd.	2.7220-2.7280	2.7260-2.7280	0.96-0.86c pm	4.00	2.90-2.80 pm	4.18
Belgium	48.16-48.22	48.18-48.20	10½-13c dis	−2.83	28-32 dis	−2.48
Denmark	8.5850-8.6000	8.5860-8.5919	2.60-3.10ore dis	−3.98	6.75-7.25dis	−3.26
W. Ger.	2.4160-2.4225	2.4190-2.4200	0.94-0.89pf pm	4.54	2.63-2.58 pm	4.31
Portugal	96.50-98.25	97.00-98.00	200-800c dis	−67.89	425-1425dis	−37.95
Spain	135.35-135.65	135.35-135.45	105-160c dis	−11.52	325-425dis	−11.07
Italy	1,440-1,442¼	1,441¼-1,442¼	8-9½lire dis	−7.28	26-29 dis	−7.63
Norway	7.1580-7.1780	7.1580-7.1630	2.30-2.80ore dis	−4.27	6.80-7.30dis	−3.94
France	7.2460-7.2650	7.2525-7.2575	1.70-2.00c dis	−3.06	7.60-8.10dis	−4.33
Sweden	7.4750-7.4820	7.4750-7.4800	9.90-1.30ore dis	−1.77	2.80-3.20dis	−1.60
Japan	237.45-239.00	237.65-237.75*	0.64-0.59y pm	3.10	1.86-1.77 pm	3.06
Austria	17.00½-17.03½	17.01-17.02	6.10-5.30gro pm	4.02	18.00-15.50pm	3.94
Switz.	2.0415-2.0620	2.0445-2.0455	9.94-0.89c pm	5.37	2.77-2.72 pm	9.37

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 48.65-48.75.

* The closing rate for April 8 should have read 239.25-239.35.

EXCHANGE CROSS RATES

Apr. 11	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.527	3.696	363.3	11.075	3.125	4.168	9201.	1.889	73.60
U.S. Dollar	0.655	1.	2.421	237.9	7.253	2.046	2.729	1441.	1.232	48.20
Deutschemark	0.270	0.413	1.	98.24	2.995	0.845	1.127	595.3	0.509	19.91
Japanese Yen 1,000	2.753	4.204	10.18	1000.	30.49	8.605	11.47	6059.	5.161	202.6
French Franc 10	0.903	1.379	3.339	328.0	10.	2.822	3.763	1987.	1.699	66.46
Swiss Franc	0.329	0.460	1.183	110.2	3.544	1.	1.334	704.3	0.602	23.55
Dutch Guilder	0.240	0.366	0.887	87.16	2.657	0.755	1.	528.1	0.452	17.66
Italian Lira 1,000	0.454	0.694	1.680	165.0	0.032	1.420	1.893	1000.	0.855	33.44
Canadian Dollar	0.531	0.811	1.965	193.0	5.885	1.660	2.214	1170.	1.	39.11
Belgian Franc 100	1.359	2.075	5.024	493.5	10.05	4.246	0.663	2990.	2.557	100.

MONEY MARKETS

Bank dampens euphoric mood

UK clearing bank base lending rate 10½ per cent (since March 15 and 16)

Sentiment remained bullish in the London money market yesterday, despite some rather confused trading and a general feeling that the authorities and the discount houses are playing a game of cat and mouse as far as any change in the interest rate structure is concerned. Sterling's very strong performance on the foreign exchanges increased hopes of an early cut in clearing bank base rates, but the attitude of the Bank of England did nothing to reinforce the mood of euphoria, with very short-term rates finishing firm following indications that the total official help was some £250m less than required.

The Bank of England forecast a money market shortage of £900m, and offered to provide an early round of assistance to the market, but then declined to buy bills at the rates offered by the houses. Hopes of an early cut in base rates encouraged the discount houses to offer bills at unacceptably low interest rates, and has also made them reluctant to part with high yielding paper on a permanent basis, preferring to sell bills on a short repurchase basis. The failure of the market and the authorities to agree on a dealing level continued later in the morning, when the Bank of England bought only £22m bills outright. These were band 1 bank bills (up to 14 days maturity) at 10⅞ per cent, while another £136m bills were purchased for resale to the market on May 4, at 10½ per cent.

In the afternoon £141m bills were bought outright by way of £67m bank bills in band 1 at 10⅞ per cent; £65m in band 2 (15-33 days) at 10½ per cent; and £9m in band 3 (34-63 days) at 10⅜ per cent.

A further £197m bills were purchased for resale on May 4 at 10½ per cent, and £170m for resale on April 19 at 10⅜ per cent.

Total help provided during the day was £666m.

A major factor behind the shortage was the unwinding of a temporary facility on gilt-edged stock amounting to £610m. This was originally provided at the beginning of March to assist through the payment of Petroleum Revenue Tax, and was extended for a further period in the middle of March.

LONDON MONEY RATES

Apr. 11 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits
Overnight	—	10-16	—	—	—	11¼	10½-11
2 days notice	—	—	10⅝-10¾	—	—	—	—
7 days or	—	—	—	—	—	11	—
7 days notice	—	10⅝-11¼	10⅝-10¾	—	—	10¾	10½-10¾
One month	10¼-10⅝	10⅞-10⅝	10½	10⅞-10½	10⅝	10⅝	10½-10¼
Two months	10¼-10⅞	10⅞-10⅞	10¼	10¾-10⅝	10⅝	10¼	10

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

FT LONDON INTERBANK FIXING (11.00 a.m. APRIL 11)

3 months U.S. dollars		6 months U.S. dollars	
bid 9 5/16	offer 9 7/16	bid 9 7/16	offer 9 9/16

MONEY RATES

NEW YORK

GERMANY

FRANCE

JAPAN

SWITZERLAND

NETHERLANDS

$ CERTIFICATES OF DEPOSIT

LONG TERM EURO $

SDR LINKED DEPOSITS

ECU LINKED DEPOSITS

FINANCIAL FUTURES

Gilts firmer

Sterling based contracts rose sharply in the London International Financial Futures Exchange yesterday as the pound continued to improve in the spot market. Sentiment was also buoyed by hopes of an early cut in UK clearing bank base rates. The critical factor remains the timing of such a cut and so far the Bank of England has shown no inclination to encourage such a move. Its dealing rates were left unchanged yesterday and the money market was left rather short of funds. This tended to drag values down from the day's highs, still finishing above Friday's closing levels, however.

The June gilt opened relatively cheap to the cash market and started at 106-20 up from 105-26. It rose to a high of 107-05 on strong local support before meeting some resistance. Prices stabilised around the 106-28 level at lunch before finishing at 106-30. Short sterling prices reacted in much the same way with the June price finishing at 90.48 up from 90.25 on Friday.

Euro-dollar prices showed useful gains, influenced by a weaker trend in the cash market. This reflected a small but unexpected fall in U.S. M1 money supply on Friday with the market still hoping for some firm indication of a weaker trend in U.S. rates. The June price opened at 90.66, 4 points higher than Friday's close of 90.62 and rose on good buying to 90.72. Prices moved further ahead before the openig of Chicago to 90.7 and steadied before improving after the opening to a high of 90.84. Profit-taking later in the afternoon saw the price slip back to close at 90.81. Currency contracts finished close to their best levels of the day as the dollar tended to lose ground with the lower trend in U.S. rates.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	90.81	90.85	90.66	90.62
Sept	90.56	90.57	90.46	90.38
Dec	90.29	90.32	90.24	90.15
March	90.15	—	—	—
June	—	—	—	—

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	77-27	77-31	77-14	77-00
Sept	77-07	77-10	76-30	76-14
Dec	76-24	76-28	76-15	75-31
March	76-10	76-15	75-28	75-18
June	75-30	76-01	75-19	75-07

Authorised Units—continued

Insurances—continued

Offshore and Overseas—continued

CLUBS

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on April - 1983. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

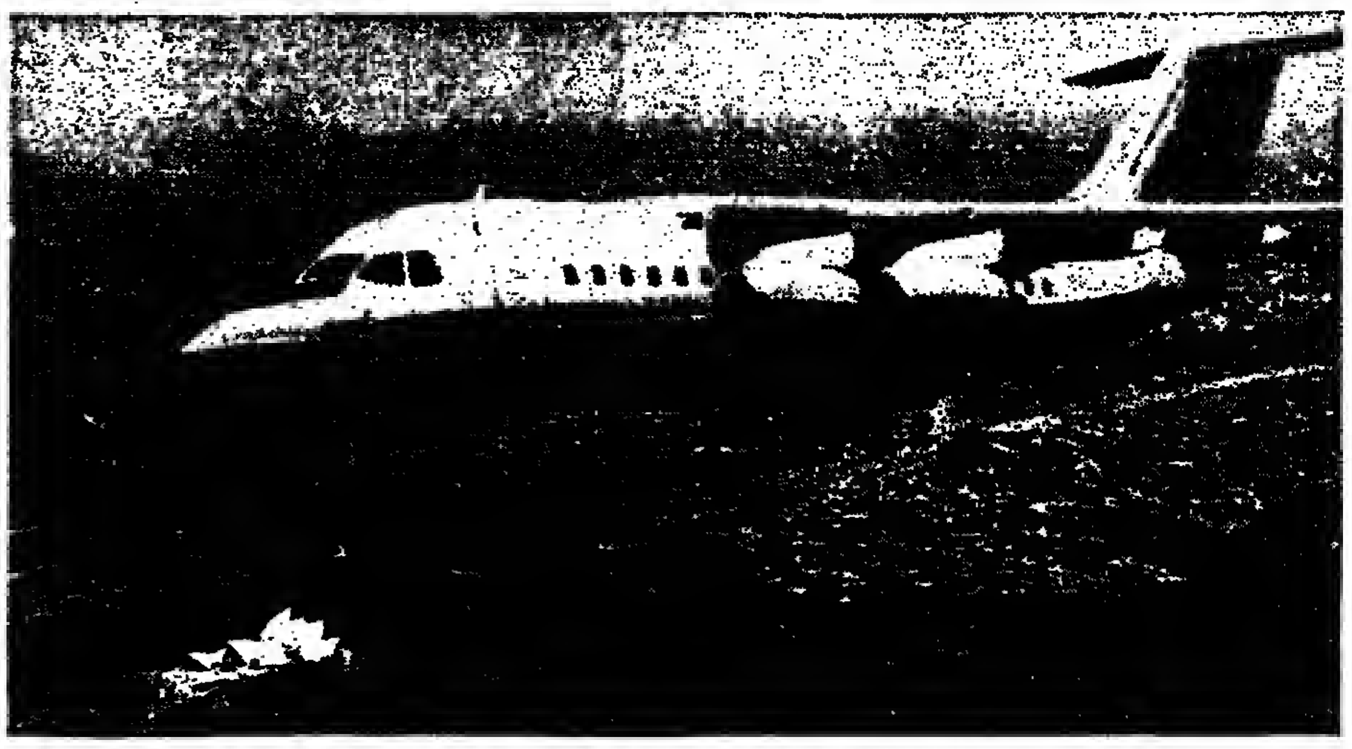
Abbreviation: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (cb) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.18
Algeria	Dinar	(A) 7.1270
Andorra	French Franc	10.075
	Spanish Peseta	205.85
Angola	Kwanza	(CM) 48.664
Greenland	Danish Kroner	13.11
Granada	E. Caribbean $	4.109
Guadeloupe	Local Franc	11.070
Guam	U.S. $	1.5270
Guatemala	Quetzal	1.5270
Guinea Republic	Syli	34.67
Peru	Sol	exc(A)1,925.40
Philippines	Philippine Peso	14.70
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.3285
Poland	Zloty	127.5

FINANCIAL TIMES SURVEY

Commuter Aircraft and Air Services

Although the recession has severely affected world civil aircraft markets, commuter operations are surviving better than most other sectors. A world market of about 6,500 aircraft, worth about $25bn, is forecast up to the year 2000



A BAe 146 four-engine jet flying over Sydney Harbour during a world demonstration tour. The largest of the commuter aircraft, the 146 nevertheless can land on semi-prepared airstrips with minimum ground facilities

Strong growth ahead

By MICHAEL DONNE, Aerospace Correspondent

MOST PEOPLE are now familiar with the domestic and international operations of the major scheduled and charter passenger airlines, but throughout the world there is another rapidly growing sector of transport aviation, of which comparatively little is heard, but which is becoming increasingly significant.

Usually described as "commuter" aviation, this broadly represents that growing area of commercial air transport operations lying between the activities of the major airlines at one end of the scale, and the even wider arena of "general aviation" at the other (the latter in turn including business and executive flying, agricultural aviation, flying training, leisure flying and the vast range of other aeronautical activities).

The term "commuter" aviation is in some ways misleading. In its purest interpretation, it covers the provision of regular air services between small, local communities and larger centres where bigger airports, well served with longer-haul domestic and international scheduled air services, are available —the so-called "hub and spoke" pattern.

But the concept is being increasingly widened. At the lower end of the scale, it includes services linking small communities many of which previously had no air services at all, called "local service" operations, and at the upper end, operations over longer distances, often linking major centres and even sometimes rivalling the operations of bigger airlines, so that they effectively become "regional" operations.

The distinctions between "local service," "commuter" and "regional" operations are thus becoming increasingly blurred, and it is often difficult to differentiate between them. A more accurate description of all these operations, therefore, is "third-level" to distinguish them from the larger short-haul and long-haul domestic and international operations of the major airlines, and from the wider arena of "general aviation."

Spectacular

The development of this type of aviation has been most spectacular in the U.S. Over the period 1971-81, U.S. third-level airlines' traffic grew at an average annual rate of 15 per cent, compared with total U.S. scheduled airline growth of 5.6 per cent a year. Full figures for 1982 are not yet available, but the indications are that this growth pattern was maintained, with only a *few* exceptions.

The expansion has been especially significant since the de-regulation of the U.S. domestic air transport industry, which created virtual freedom of entry for airlines of all kinds on to new routes.

Outside the U.S., the upsurge in this type of aviation has also been significant, if less dramatic. While it is estimated that about 95 per cent of last year's total of 765m scheduled service passengers worldwide were carried by about 200 major airlines in the 144 member-states of the International Civil Aviation Organisation, the remaining 5 per cent of the traffic, or about 38m passengers, was carried by upwards of 1,000 "third-level" operators.

Of these, about 300 are located in the U.S., operating alongside some 4,000 air taxi operators, with about 300 in Western Europe, with the rest scattered about the rest of the world. Many of these operators are very small, often with only one or two aircraft involved, while some are very large, especially in the U.S. But they are nevertheless performing a valuable service in bringing passenger and cargo transport to a wide cross-section of local communities which otherwise might not have air services at all.

No matter how they may be described — "third-level," "commuter," "local service" or "regional" — all of these operations have several elements in common. They are short-haul (in nature (up to about 200 to 300 miles). They mostly use small, twin-engined turbo-propeller powered aircraft, generally seating up to about 20 to 30 passengers a time (the official U.S. definition of a "commuter" carrier is one using aircraft seating fewer than 60 passengers or carrying less than 18,000 lbs of cargo on regularly scheduled operations).

They are all comparatively low-cost, no-frills, cheap-fare operations; and they are all capable of using the most simple, rugged airfields and other ground facilities, as well as those of more sophisticated airfields.

All these operations have become possible because of the development of a wide (and expanding) range of small, light twin-engined transport aircraft, ranging from about four to six seats upwards, but mostly in the 20-30 seater category, although there are some larger, 50-seaters such as the de Havilland Canada Dash Seven.

Prospects for the growth of third-level air transport through the rest of this decade are considered good, especially in the U.S., Western Europe, Australasia, Canada, and Latin America, while the rapidly-developing economies of countries in South-East Asia are regarded as a particularly encouraging breeding ground for third-level aviation.

Trunk routes

Overall, the growth in this type of aviation is expected to produce a requirement for some 6,500 aircraft of the third-level variety by the end of this century, worth about $25bn in current values.

In the UK, air services linking major cities in the provinces with each other and with London have existed for many years, for example on the trunk routes between London and Glasgow and Edinburgh, Manchester and Birmingham. The growth of commuter-style services on routes with less dense traffic has been a more recent development, but is now one of the more rapidly expanding elements in UK air transport.

There are various reasons for this. One is the rising cost of surface travel, whether by rail or car, coupled with unreliability on the railways (last year's rail strikes did much to encourage commuter air travel). Another is the increasing availability of aircraft much more suitable for short-distance air transport than some of the larger jet or even turbo-prop aircraft that have been used in the past.

On many occasions in the post-war history of UK internal air transport, short-haul inter-city air services have been started, only to founder because the traffic available on the routes has proved inadequate to enable large airliners to be operated economically.

The introduction of smaller, 20- to 30-seat turbo-prop airliners such as the Short 330 and the Embraer Bandeirante, for example, have done much to revitalise some flagging UK inter-city air routes and stimulate the development of others. As the range of available types of aircraft widens, so does the scope for the introduction of new third-level air services, and by carefully tailoring the size of aircraft to the traffic available, it is now possible for almost any air service to be run profitably.

Another factor behind the growth of third-level aviation in the UK has been the emerging demand by businessmen for cross-country links, as opposed to the customary trunk-route services. The tendency for industries of all kinds to locate offices and factories in new development areas has helped to generate this demand, and although in some cases the evolution of cross-country air services has been slow, there is now strong evidence that this type of third-level aviation will grow.

Operators providing such services already include Air UK, Air Ecosse, Birmingham Executive Airways, British Island Airways, Brymon Airways, Genair, Inter-City Airlines, Loganair, Manx Airlines and Metropolitan Airways, all of which can be described as "commuter" type operators.

In addition, however, there are some bigger scheduled operators of domestic and international regional air services, some of whose activities can also be fairly described as commuter operations, including British Caledonian, British Midland and Dan-Air.

A more recent trend has been for some of the smaller commuter operators to join forces with larger, internationally scheduled airlines, so as to stimulate traffic growth by pro-

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CONTENTS

Fuel cost rises behind U.S. expansion

COMMUTER AIRLINES in the U.S. are going through e period of rapid growth. In 1982, the number of passengers boarding commuter aircraft — defined broadly as those with 60 seats or less — jumped from 15.4m to 18.55m. That was double the level five years earlier.

This still represents a modest proportion of total airline passenger traffic in the U.S. — roughly 6 per cent — but the commuters are expected to increase their share of the market significantly over the next decade. The Federal Aviation Authority has projected 43m passengers by 1993 in this category, and there are those in the industry who think that this view is too conservative.

The main reason for this growth is that the major airlines have been suspending their services to small cities across the continent on a large scale. In the past 18 months alone, the jet airline operators have pulled out of 66 communities and this withdrawal by the bigger airlines — which looks likely to be a continuiog process — has provided a major business opportunity.

What is not so clear is just why the majors have been abandoning services in this way. The obvious temptation is to link the trend to the deregulation of the U.S. airline industry, which occurred in 1978. Although the commuter airlines themselves were never regulated by the Civil Aeronautics Board, one of the major arguments presented by opponents of entry and exit freedom in the airline market was that small communities would lose air services as a result of such a move.

However, this pattern of route abandonment by the larger airlines extends back for a lot longer than five years. A Department of Transportation study in 1975 found that in the five years after 1970, certificated airlines had reduced the number of small cities they served by 14 per cent, and cut back flights on such routes by nearly a quarter.

So there is a more fundamental explanation for the shift to commuter services. Most markets serving small towns are short hauls, and rising fuel costs have made jet operators significantly less competitive on such routes compared to small commuter aircraft on ground transport.

For small turboprops, about three gallons of fuel is required per available seat for a 100 mile passenger flight; a small jet requires more than four gallons per available seat.

In practice, the differential is even greater. A recent study by the Civil Aeronautic Board's office of economic analysis argued that jets were simply too large to operate at high load factors in small markets. As an example, it said that if ten passengers were carried over the 100 mile route, the fuel used per passenger would be about six gallons in a 19-seat turboprop and about 45 gallons in a 110-seat jet.

In addition, the speed advantage of jets is not substantial on short-haul routes.

The conclusion is that a good number of the services which have been given up by the bigger carriers since 1978 would have gone even if deregulation had not occurred.

In addition, there have been important changes in the nature and scale of government subsidies for local air services. Outlays in the biggest category, the so-called Section 406 subsidies, fell from $94m in 1981 to $46m in 1982. Appropriations for subsidies under this heading were reduced by about half for fiscal 1983 and were eliminated for fiscal 1984.

Impact

Overall, the CAB's office of economic analysis found that service to small communities had declined slightly as a result of all these economic and regulatory changes—but the impact had been by no means uniform. In the towns where trunk and local airlines had dropped services, total departures had actually risen by 26 per cent—and this increased service had come entirely from the expanded use of commuter aircraft. Jet service had declined by 90 per cent, while large propeller service was down by a half.

Despite the increase in volume, the commuter airlines and their suppliers did not escape the rigours of the recession in 1982. A number of marginal airlines have gone out of business, reducing the number of commuter aircraft operators in the U.S. from 277 in 1981 to 245 et the beginning of this year. Financial uncertainty combined with the overhang of capacity which followed a high level of sales in 1980 and 1981, has also put a nasty squeeze on some of the aircraft manufacturers in this field.

Fairchild Industries, which claims to account for nearly a third of the worldwide fleet of 15 to 20 passenger commuter airliners in service through its Metro series, delivered only 17 aircraft in this category in the U.S. last year, compared with 28 in 1981. The company bitterly, and unsuccessfully, protested against what it claimed was unfair trade competition from Embraer, the Brazilian manufacturer of the Bandeirante commuter aircraft.

However, Fairchild remains convinced that there will be substantial growth in this sector of its business over the next decade, and believes that the recovery will get under way in the near future. It is also very optimistic about the prospects for its new 34-passenger 340 turbo-prop airliner, which it is developing on a joint venture basis with Saab-Scania of Sweden. Deliveries are due to start in April next year, and there are firm orders for over 90 of these machines.

Fairchild is not alone in thinking that this will be a growth business. The Regional Airline Association believes that there could be a demand for between 1,200 to 1,500 commuter aircraft in the U.S. over the next decade.

Richard Lambert

The Saab-Fairchild 340 on initial flight testing. The withdrawal of thirsty jets from many U.S. services has opened the market to new turbo-props

Vital services transform developing countries

THE CONCEPT of "third-level" aviation takes on a different meaning outside the industrialised and more aviation-orientated countries of the West.

"Commuter" aviation as it is in the U.S. and Western Europe—linking small communities together and with larger cities and airports—is also growing rapidly in a number of countries, such as Japan, Australia and Brazil.

But in those countries, too, and in many other less well-developed nations, "third-level" aviation frequently ranks much higher in the scale of aviation operations.

While many of those countries may have flag airlines, with jet airliners flying international scheduled services and often also domestic services linking major towns or cities, beneath that level there is often a yawning gulf. To fill it what are described in the U.S. and Western Europe as "third-level" operations in fact become much more important.

Tours

In the developing countries the entire air transport infrastructure outside the major international airports (which themselves are often far removed from the marble, steel and glass extravaganzas found in the U.S. and Europe) tends to be proportionately much less developed. What may well be regarded in the West as "commuter" style aircraft, are often in the developing world the mainstay of the country's front-line air fleet, spearheading not only the country's technological progress, but in many ways also its economic and even social development.

In countries where surface transport is poor, or even non-existent, because of the terrain or climate difficulties, air transport is increasingly filling the communications role, opening up communities that for many centuries have been isolated.

It is not only easier and quicker, but also considerably cheaper in terms of both initial capital and running costs, to build small airstrips in remote places to facilitate the use of small, short-take off and landing transport aircraft.

Thus, the emergence during the recent years of the growing range of such aircraft has not only substantially altered the scope of air transport in many industrially and economically developed countries but has even more dramatically revolutionised the political, economic and sociological development of many poorer nations—and in both the changes are still taking place, and even gathering momentum.

This vital fact has not been lost upon the manufacturers. In some cases, manufacturers who originally designed and built their aircraft some years ago for the more sophisticated commuter-style environments of North America and Western Europe have been obliged to redesign them with additional features to make them more suitable for the more rugged environments of the developing world.

More recently, the growing inventory of aircraft types has included many designed specifically for use in the widest possible ranga of terrains and climates, from the Arctic to the tropics, while also being suitable for the commuter-style requirements of the North American and West European markets.

It is estimated, for example, that well over 60 per cent of all the light transports sold in recent years have gone to countries of the developing world, where they are employed in a wide variety of tasks going even beyond passenger and cargo transport, including particularly agricultural duties.

There are usually no restrictions on the uses to which a customer can put his aeroplane once he has bought it and, as a comparatively expensive asset for the community as a whole in a developing country, any aircraft is usually employed to the maximum, with utilisation rates (in terms of hours per day) that often are the envy of commuter-operators in the developed countries. They are also flown in weather conditions and terrain that, frequently, no Western commuter-operator would want to experience.

In many regions some aircraft have become famous for the roles they have played, and are playing, in promoting economic and social development. For example, the de Havilland Canada Twin Otter, of which over 800 have been sold, is one of the great pioneering aircraft of the developing world in the past 30 years or so.

In the same category are the Embraer Bandeirante (over 400 sold), and the British Pilatus Britten-Norman Islander, while other aircraft such as the Short Skyvan and 330 have also established high reputations for themselves in this growing market for rugged, reliable air transport.

It is now accepted in the third-level aviation manufacturing industry that the widest possible market lies with aircraft capable of meeting fully the range of operational demands likely to be incurred in the countries of the developing world, with their extremes of physical operating environments and often also the widely varying capabilities of the operators themselves.

An aircraft that can serve adequately in the comparatively luxurious surroundings of the commuter-style environment, while also being capable of surviving a much tougher life, frequently involving heavy landings on unprepared strips in jungle or mountain areas in violent and rapidly changing weather conditions, is the aircraft most likely to win orders.

It is significant that even British Aerospace with its four-engined jet regional airliner, the 146, the biggest transport currently on offer in the third-level aviation market, has been expressly designed to meet these criteria.

Spearhead

That aircraft has proved its capabilities in two long arduous sales and demonstration tours that together covered close to 100,000 miles of flying through the Middle East, south east Asia, the Far East, Australasia and Africa. In some instances, it was the first jet ever to use some remote airstrips, while it also amply demonstrated its ability to operate in all kinds of weather and terrain with a high degree of reliability.

It is likely that, as aviation throughout the developing countries expands, the greater part—perhaps as much as 70 per cent — of the anticipated market for about 6,500 "third-level" aircraft worth $25bn by the end of this century will come from the developing countries of the Third World.

This is why the manufacturers are now paying so much attention in their designs to ruggedness and reliability as well as fuel economy, apart from such basic operational capabilities as short take-off and landing.

Michael Donne

Finance chases market

BECAUSE MOST of the operators involved in third-level aviation worldwide are small by comparison with the major scheduled airlines, their aircraft needs are also limited. They do not place big, multi-aircraft orders worth hundreds of millions of dollars, but rather they develop slowly, buying at best one or two aircraft a year, expanding their fleets as traffic growth dictates.

As with many of the bigger jets, the placing of an order is frequently dictated not so much by the merits of the aircraft involved or its suitability for a particular task as by the availability of finance at favourable terms.

The price range in the third-level aviation business is exceptionally wide, from about $350,000-$400,000 for a ten-seat Pilatus Britten-Norman Islander up to about $12m to $13m for a British Aerospace four-engined 146 regional jet airliner.

The sources of such finance are very much the same as for the larger jet airliners. Most of the banks involved in the larger jet deals are also prepared to lend money to smaller operators for third-level aircraft types, but in addition, there are some specialist organisations, such as Airlease International Management in the UK, who can help in this field.

There is also a wide network of experienced aircraft agents and dealers, especially in the U.S., the UK and Western Europe, many of whom specialise in the aircraft of one or more specific manufacturers, and who have either direct access to sources of finance or can smooth the path of the would-be purchaser in raising the necessary funds.

Many of the operators involved use their own local sources of finance, such as banks in the countries from which they operate. But the major international banks have been showing an increasing interest in this type of business in recent years, not least because of a perhaps belated recognition by some of them of the potentially very large size of the market.

The problem for the banks and other financing institutions is to be able to identify from the potentially good loan and investment opportunities in what is likely to be a rapidly burgeoning market once the effects of the business recession worldwide have passed.

This is a much more difficult problem than is often realised. The third-level aviation industry is a far less well-documented aspect of international civil aviation than is, for example, the first-level scheduled airline industry. In many countries, especially in the Third World, detailed statistics of third-level aviation operations are either totally non-existent or at best are patchy and unreliable, and it can take banks and other financing institutions a long time to build up a reliable background of data upon which to base investment decisions.

Governments are not normally involved, largely because the third-level operators in many countries are privately owned. Thus, the banks and other financing institutions have been obliged to rely heavily on the manufacturers and their dealers and agents for much of the information required upon which to base loan decisions.

This, in turn, has led to a situation where the manufacturers and dealers themselves do much to help the potential purchaser find the cash to buy the aircraft.

This trend has spread through the entire aircraft manufacturing business, from the big jet field through to the smallest aircraft types. Some big jet builders, such as McDonnell Douglas of the U.S., have set up their own financing companies specifically to help potential customers to buy their aircraft. Other builders have made special arrangements of their own with banks and other lenders, so that cash is made available for potential purchasers who are creditworthy.

One example of this direct financial relationship between the manufacturer and the operator is the $80m scheme for financing sales of the Type 330 and 360 commuter airliners built by Short Brothers of Belfast, arranged between the company and a group of U.S. and UK banks.

Under this scheme, whenever Shorts sells one of those airliners to a U.S. operator, it will be able to arrange the financing at the same time, without further recourse to the banks in each case.

The scheme was put together

M.D.

Strong growth

CONTINUED FROM PAGE ONE

viding direct connections at major airports with long-haul operations.

Another development in the UK third-level airline scene that could expand rapidly is the provision of more international links from UK provincial cities to nearby Continental centres, such as Amsterdam and Brussels, to enable UK passengers to connect at those airports with long-distance flights, thereby avoiding travel to London.

The argument for these operations is that for many businessmen, especially in the North, the links currently provided from their home points to London (either Heathrow or Gatwick) to enable them to pick up long-distance flights, are either inadequate, or the distance involved is greater (and the fare therefore more expensive) than flying to the nearest Continental hub airport, usually Amsterdam Schiphol.

Much has been made of this factor by the Schiphol authorities, who have conducted a vigorous campaign in the UK on the theme that Schiphol is effectively not only already the "third airport" for London, but is also far closer to and more convenient for travellers from the Midlands and the North seeking connections to long-haul flights.

The only effective counters to this must be both a further extensive development of adequate commuter air links between the provinces and London, and the provision of more long-distance international air services from the provincial cities themselves, such as Manchester. The recent opening of Manchester's 800-ft runway extension, to give a 10,000-ft runway, is already encouraging more long-distance operators to use that airport.

At the same time, however, there is also an undeniable demand, especially from the business community, for more direct international short-haul air links between provincial cities and Continental destinations. Hitherto, many airlines have been reluctant to introduce such services because potential traffic densities have been insufficient to make regular operations with even the smallest twin-engined short-haul jet airliners economic.

But, here again, the increasing availability of smaller, 20- to 30-seat twin turbo-prop airliners is changing that situation, and it would be reasonable to expect an increase in the number of such services in the future, especially as the recession fades and business confidence expands.

Lynton McLain reviews prospects in the UK and Western Europe and profiles some of the companies involved

Flexible control of services

THE DEVELOPMENT of commuter and cross-border regional air operations in the UK and western Europe has been slower than in the U.S. There, they are an established form of transport for executives in a hurry and for all who want swift access to often isolated communities away from the main routes served by the major airlines.

Nevertheless, the potential in the UK and western Europe for these smaller scale airline operations is considerable, but is constrained, in the view of some operators in Britain, by the less-than-liberal attitudes of Continental governments to the provision of "regional" air services.

The UK Civil Aviation Authority and the Trade Department estimate that a total of 1,500 potential air routes exist under current bilateral agreements between governments in Europe. Only a relative handful of these routes have been taken up by operators.

Th policy of the UK Government, a leading advocate of a more liberal regime for smaller airlines in Europe, is to support wherever possible the development of cross-border, regional, commnter-style air links, especially on non-trunk routes between smaller communities.

The government's broad aim is to have less stringent requirements for would-be operators and to try to remove the bureaucratic burden from smaller airlines.

Mr Iain Sproat, Parliamentary Under-Secretary of State at the Trade Department in London, went to Brussels, headquarters of the European Commission, in December to try to persuade his opposite numbers of the importance of accepting this more liberal approach to aviation in Europe. He made little progress, largely in the face of opposition from Denmark and Greece.

A further round of ministerial talks is to be held in June but there is no indication of any change of heart by Britain's partners in Europe.

Britain favours a measure of controlled liberalisation in the interpretation of bilateral air agreements. It does not want a revolution in the way air services are regulated, or total deregulation. Rather it favours an evolutionary approach to encourage the development of this "third-level" type of aviation in Europe.

In particular, Britain would like to see more development of less-popular routes by smaller, regional airlines, linking the industrial north and Midlands of Britain with the Continent.

At present, many of the services offered by the major scheduled airlines are based at the large, well-established airports. This has left regional airports with spare capacity and communities without regular air links with other industrial and business centres.

Reviews

In practical terms, the regulation of civil aviation in Britain is the subject of three separate reviews. The entire operations of the Civil Aviation Authority have been reviewed by the CAA following a request by Mr Sproat in July last year. The completed review was sent to the Trade Department in February this year, but no details have been published.

The second review, by the Trade Department, looked at the regulation of domestic air services.

This followed a visit by Mr Sproat to the U.S. The CAA compared the position on deregulation in Britain and the U.S. and discussed in a paper to the Secretary of State for Trade the scope for further liberalisation in Britain.

The CAA's own view of the need and prospect for change is that it is not against deregulation, but it believes that the room for deregulation and liberalisation is limited.

The regulation that the authority does apply to applications for new licences is limited to airline substitution, where one airline may wish to displace another, and to unnecessary duplication and capacity on routes.

The third inquiry into UK civil aviation was started by the Monopolies Commission in January when it began a review of air traffic control services.

One supporter of maintaining the status quo in the regulation of civil aviation in Britain is Mr Robin d'Erlanger, managing director of Metropolitan Airways, based at Bournemouth-Hurn Airport. He believes that the system as it stands is appropriate for Britain.

On the continent of Europe, the European Regional Airlines Organisation reported recently that its nine member airlines, from Germany, Austria, France, Switzerland and Sweden carried over half a million passengers and 650 tonnes of cargo last year.

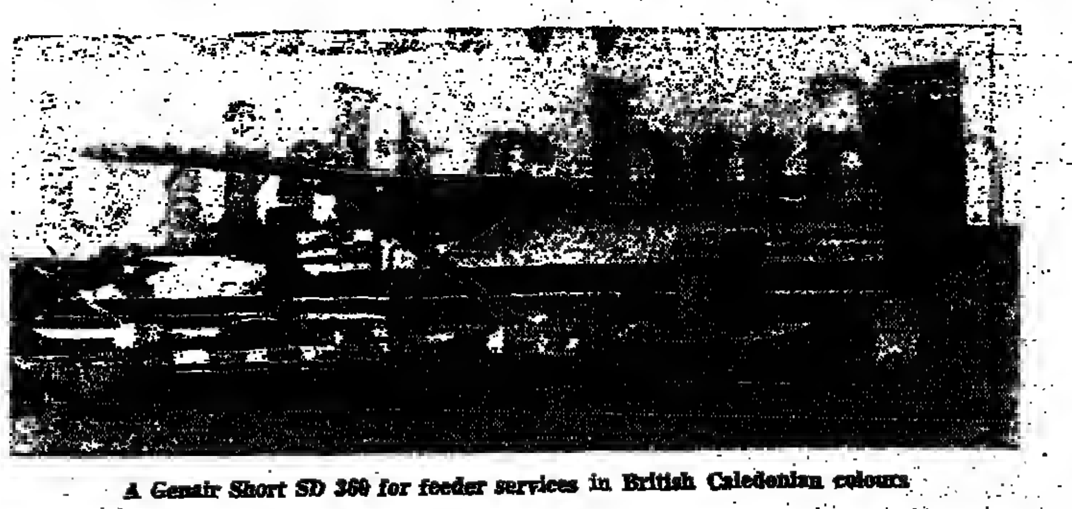
The airlines, Aquair of Munich; Austrian Air Services of Vienna; Brit Air of Morlaix, France; Crossair of Zurich; Delta Air of Friedrichshafen; Flight Travel Service of Paderborn; Nuernberger Flugdienst of Nuremberg; Swedair of Stockholm and Tyrolean Airways of Innsbruck carried 589,700 passengers on more than 61,000 flights.

Ireland is another area where small regional airlines have developed to meet the needs of distant communities. Two of the country's regional carriers, Avair and Aer Arann, have recently been licensed to operate a series of new flights. Avair will fly from Dublin to Blackpool and East Midlands Airport near Derby, as well as from Cork to Jersey.

Aer Arann is to fly from Shannon to Belfast, Dublin to Manchester and to Cork as well as Cork to Belfast and Cardiff.

PROFILE: GENAIR

Enjoying rapid growth



A Genair Short SD 360 for feeder services in British Caledonian colours

GENAIR, THE regional carrier based at Humberside Airport, has its origins on the other side of the Pennines, at Liverpool and Chester.

The airline is the brainchild of two executives of the Chester-based General Relay telecommunications equipment company, Mr Bob Marshall, managing director of Genair, and Mr Jim Marsden, chairman of the airline who, with Mr Denis Allen, formed the manufacturing company in 1970 after working for Plessey, GEC and Philips.

They were frequent users of air taxis and other charter aircraft, operating out of Liverpool Airport, and in 1980 the managers were given the chance to buy their own aircraft.

The Liverpool Airport authority approached General Relay to see if the company was interested in buying a small, eight-seat Beech aircraft for its own use and for lease and charter to other companies. This was three years ago, when the largest commuter airlines in Britain were based in Scotland and in the West Country. There were no commuter airlines in the North West.

Shortly after this first step towards commercial flying operations by General Relay, the management of Liverpool Airport, keen to encourage new services to London, asked the company if it would consider flying to Gatwick Airport with scheduled passenger services.

The two executives studied the commuter airline idea in the U.S. and launched the Liverpool to Gatwick scheduled air service, Genair's first, in August 1981, with an 18-seat Brazilian Embraer Bandeirante aircraft, operating two round trips a day. British Midland Airways continued to operate its Liverpool-Heathrow services.

The Gatwick service was sufficiently successful for Genair to start additional services, linking Liverpool with Leeds and Amsterdam. The expansion encouraged the airline to consider plans for further expansion through the acquisition of other, smaller commuter airlines elsewhere in Britain.

By October last year, General Relay, as the owner of Genair, had acquired all the ordinary shareholding of Lease Air and of Casair Aviation Services. Lease Air traded as Eastern Airways based at Humberside and Casair was based on Teesside.

The acquisition resulted in the amalgamation of the three regional airlines, Genair, Eastern Airways and Casair, under the name Genair.

The larger Genair started with a fleet of five Short SD-330 30-seat airliners, one Short SD-360 36-seat airliner—the third production aircraft—and four Embraer Bandeirante 18-seaters, of which three are for charter or sub-lease operations.

The new airline was the first in Britain to take delivery of the Short SD-360 airliner, the enlarged and more powerful version of the highly-successful SD-330 aircraft.

Shortly after the acquisition of Eastern Airways and Casair, Genair and British Caledonian Airways announced the formation of British Caledonian Commuter Services, in November 1982.

British Caledonian welcomed the development as a way of encouraging commuter air services to feed passengers into its base at Gatwick Airport.

Other airlines are associated with the scheme, but Genair was the first and from November the smaller airline started to operate its own aircraft in the new British Caledonian Commuter Services colour scheme. The plan is for the entire Genair fleet to be repainted in the British Caledonian Commuter Services colours.

In return, as well as aircraft and passenger handling and joint promotion and marketing, Genair's Gatwick services will be carried in British Caledonian's worldwide reservations system.

Genair has grown rapidly since it carried its first scheduled passengers.

Genair forecasts that it will carry 106,000 passengers this year, compared with the aggregate of 62,000 passengers carried by Genair, Eastern Airways and Casair before the merger.

Turnover this year is expected to be £8m, based on a growing range of regional air services.

PROFILE: METROPOLITAN AIRWAYS

Capitalising on enthusiasm and personal links

THE Channel Islands, with their geographical isolation from the UK and mainland Europe, and their tax advantages, have spawned a number of small, regional airlines over the years. These include Aldernew Air Ferries, the forerunner of the year-old Metropolitan Airways based at Bournemouth-Hurn Airport, the airline which took over Dan Air's "Link City" domestic routes last year.

Like many commuter and regional airlines, Alderney Air Ferries started life as the enthusiastic idea of one person with one aircraft. In this case it was Mr Ronald Ashley who founded the airline in July 1979 with an eight-seat Britten-Norman Islander for charter work to Bournemouth and Cherbourg. He acquired a second Islander in October 1980.

Mr Robin d'Erlanger, managing director of Metropolitan Airways, came into the regional airline business after qualifying as a chartered accountant in London. Flying was his hobby and he gained his commercial pilot's licence. After serving with Brymon Airways in Plymouth he set up Air Westward in 1978-79 in association with Mr Peter Cadbury, former head of Westward Television.

The airline operated from Exeter to Gatwick, Glasgow, Paris and Amsterdam, before being taken over by Air UK.

Personal contacts mean a great deal in the entrepreneurial world of small airlines. It was through Mr David Beety, a founder of the Caledonian Airways Group and now chairman of Metropolitan Airways, that Mr d'Erlanger met the founder of Alderney Air Ferries and was given the chance of taking over the airline.

By the end of 1980 he had turned the company into a regional airline with scheduled services between Bournemouth and Alderney, Cherbourg and Gatwick Airport.

Alderney Air Ferries already had the seeds of growth through its contact with Dan Air which handled the airline's aircraft, baggage and passengers at Bournemouth-Hurn Airport.

Dan Air operated scheduled services with 48-seat BAe 748 aircraft on its "Link City" routes that connected Bournemouth with Cardiff, Manchester and Newcastle upon Tyne. The aircraft, however, proved too large for the market and typical local factors were about 44 per cent to 50 per cent of capacity.

The airline tried to economise by reducing its daily frequency to a twice a week service.

The burden of overheads Dan Air had to carry with its underused aircraft on the routes forced the airline in early 1981 to propose giving up the routes.

Dan Air wanted to keep other services using Cardiff and Newcastle, but wanted a formula that would enable it to share its high overhead costs.

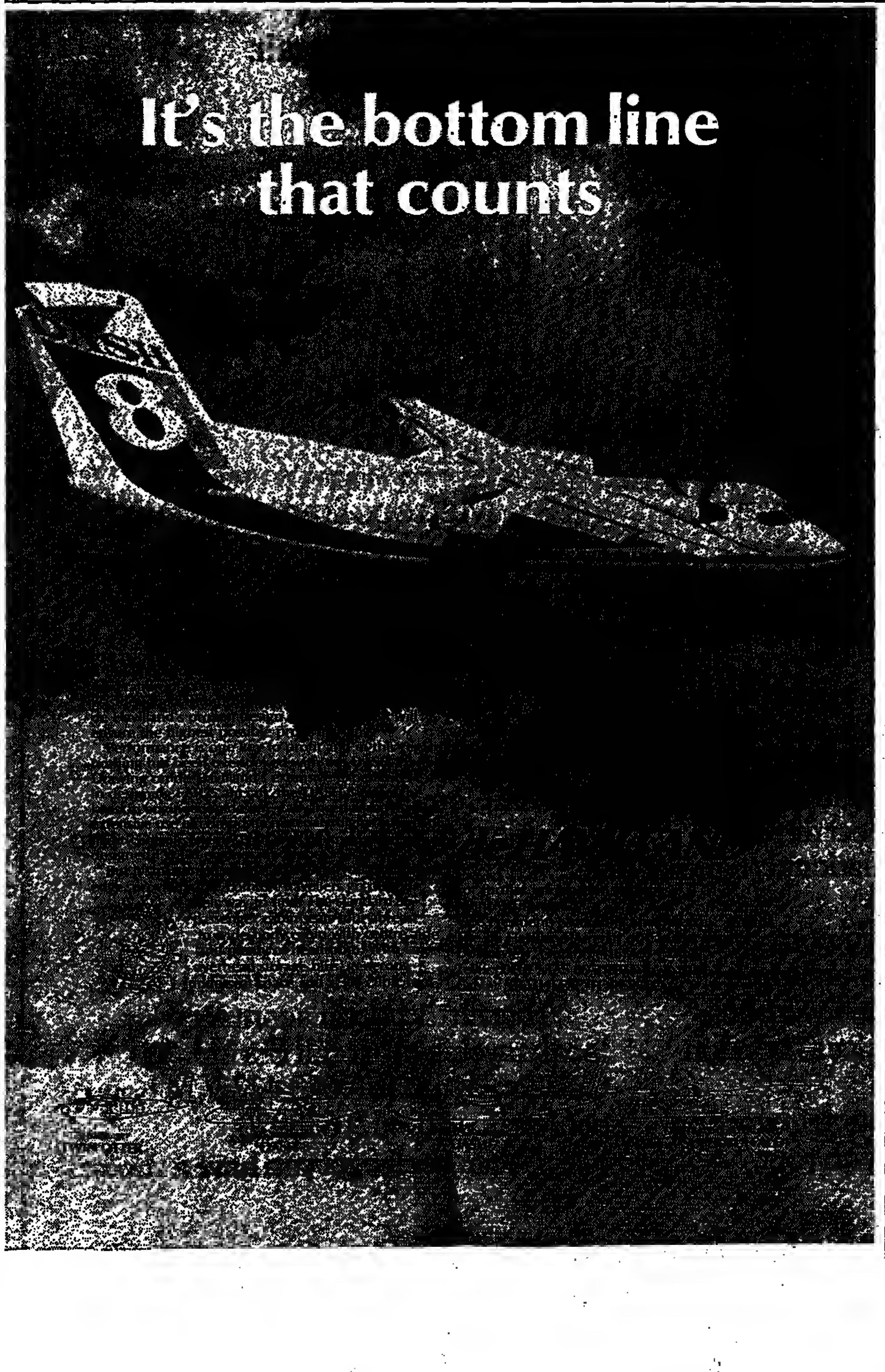
Alderney Air Ferries proposed operating Dan Air's "Link City" services using smaller, more economic aircraft integrated with Dan Air's ground handling and sales and reservations staff. Dan Air agreed that Alderney Air Ferries should provide the aircraft, fly the routes, pay all expenses and take the risk.

With this agreed it was decided to change the name of the smaller airline to Metropolitan Airways. This company was registered in England, while Alderney Air Ferries (Holdings) as it was now called remained registered in Guernsey, and Alderney Air Ferries became a wholly-owned subsidiary acting only as a sales agent in Alderney.

"From the passengers' point of view our 'Link City' services appear as Dan Air Services, but they are Metropolitan Airways' services," Mr d'Erlanger said.

In the first full year of operations, to October 1982, the company had a turnover of £1.5m based on its daily departures from Bournemouth to Cardiff, Birmingham, Manchester and Newcastle, the simultaneous departures from Newcastle on the south-bound leg and flights to Gatwick, Alderney and Cherbourg.

The single fare on the winter timetable, which ended last month, from Bournemouth to Newcastle was £83, with an advanced purchase return at £99. Other typical fares were Bournemouth to Birmingham at £42.50 single and £51.50 Apex return, and Bournemouth to Manchester at £61 single and £73 Apex return.



COMMUTER AIRCRAFT V

BIRMINGHAM EXECUTIVE AIRWAYS

Building on routes to Europe

BRITAIN'S NEWEST regional commuter airline, Birmingham Executive Airways, has risen phoenix-like out of the decision by British Airways to cease operations on four of its routes from Birmingham to major business centres in Europe.

These routes, from Birmingham to Milan, Zurich, Brussels and Copenhagen, were operated by British Airways with 99-seat BAC 1.11 twin jet airliners at low, uneconomic load factors.

The state-owned airline ceased operations on the Milan, Zurich and Brussels routes on March 31 last year and stopped operating the service to Copenhagen on March 26 this year.

The decision by British Airways to pull out of these routes came as part of a network-wide rationalisation programme which called for each route to be viable in its own right.

Only one of the routes was taken up. Immediately British Airways stopped operations, British Midland Airways took over the Birmingham to Brussels route with a direct twice-daily scheduled service from April 1 last year, based on a 44-seat Fokker F27 aircraft, which has less than half the capacity of the BA aircraft.

Milan and Zurich remained unattractive choices for conventional airlines largely because of the low traffic densities and low load factors when operated with medium-sized airliners such as the BAC 1-11 and the DC-9.

The Birmingham to Milan route was operated daily during the week by British Airways from 1978. In 1981 a Sunday service was added and the passenger demand gave a load factor of 54 per cent. In the 12 months from November 1980 to October 1981, British Airways carried a total of about 15,150 passengers; half of these were full fare passengers.

Captain Trefor Jones, managing director of Birmingham Executive Airways, was interested primarily in the full-fare business traveller, which led him to make a break with Alidair, the company he joined in 1972 as chief pilot.

Alidair operated business routes from East Midlands airport to Edinburgh and Aberdeen and holiday flights in the summer months to the Channel Islands. Captain Jones favoured operations orientated towards the business traveller exclusively and he left Alidair in October 1982.

The British Airways figures for its routes out of Birmingham showed that, typically, on the 1.11 flights to the Continent, only 50 of the 99 seats available would be taken and of these only between 20 and 25 were taken by passengers paying full fare. Captain Jones was convinced that these routes could be made profitable but only through the use of smaller aircraft, dovetailed to the modest business market.

Trefor Jones with Birmingham Executive's first BAe Jetstream 31, just delivered. The second aircraft is being delivered next month.

He favoured the British Aerospace Jetstream 31 twio- turbo-prop executive aircraft with seats for 18 passengers. This, he felt, could be used to operate daily flights to Milan, Zurich and Copenhagen, with greater frequencies if the extra demand was there.

Informal talks were held with the Civil Aviation Authority and with West Midlands County Council. The council had invested £50m in a new passenger terminal at Birmingham Airport, to open in spring next year, and it did not want to lose any air links, least of all links with the European Community.

Captain Jones also approached local chambers of commerce, to sound out the idea of an air service for local business travellers. British Aerospace, keen to sell its Jetstream 31 aircraft, but anxious to know more about the proposed services, did its own research and found the idea viable.

The licences for Birmingham Executive Airways to operate the routes from the city to Milan, Zurich and Copenhagen were granted by the CAA on March 1, subject to the successful completion of a proposed share subscription schemo to finance the venture.

Captain Jones and his financial advisors and stockbrokers estimated that £850,000 would be needed to finance the airline. A total of 200,000 shares at £1 each were to be paid for by the founders of the airline with 800,000 shares on offer by subscription at £1.50 each.

Captain Jones exchanged letters of understanding with British Aerospace on November 23 last year and paid a non-refundable deposit with the manufacturer to secure delivery in April and May this year. The two Jetstream aircraft are to be leased by Birmingham Executive Airways and the same, undisclosed terms are to be available for a third aircraft, if the airline takes up this option, by next spring.

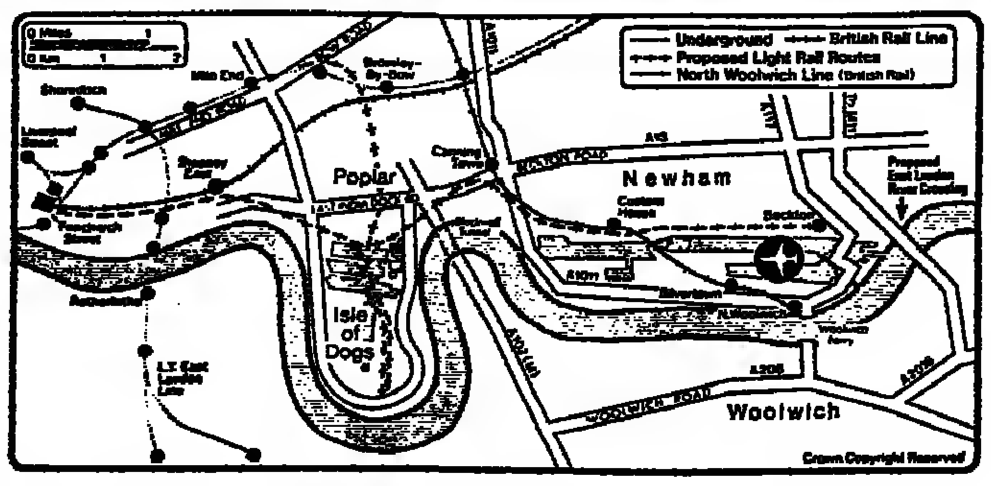
Services from Birmingham to Milan and to Copenhagen are expected to start on April 28 this year and the service from Birmingham to Zurich on June 6.

The new Milan service is to start as a daily return service, Monday to Friday, with an outbound departure to leave Birmingham early in the morning, with the inbound flight returning to Birmingham at midday. After three months the service is to be increased to twice daily on Mondays and Fridays. Further increases in frequencies are also planned for tho autumn.

The Birmingham to Zurich operation is also planned as a daily service Monday to Friday, as will the service to Copenhagen.

Total sales by the new airline in 1983-84 are forecast to be almost £2m, producing a loss after expenses of £221,000.

The airline has forecast that it will move into profitable operation in the second full year of operations, 1984-85, with an estimated pre-tax profit of £101,000 on total sales of £3.4m.



Inquiry into Docks STOLport

ONE OF the most dramatic developments for commuter aviation in the UK now being planned is a STOLport (for Short Take-off and Landing aircraft) in the now disused Dockland's area of Newham in East London.

This scheme has been proposed to the London Docklands Development Corporation by Brymon Airways, the commuter airline, in conjunction with the civil engineering group John Mowlem. The plan is now to be the subject of a public planning inquiry, the date of which has yet to be announced by the Secretary of State for the Environment, but is likely to be this summer.

In the meantime, Brymon has applied to the Civil Aviation Anthority for permission to operate services to Paris, Brussels, Rotterdam, Amsterdam, Frankfurt, Manchester, Plymouth and the Channel Isles.

The plan is to site the proposed STOLport in the Royal Albert Dock and King George V Dock, both now disused. The nearest homes are some distance away, so that environmental nuisance from the quiet STOL aircraft which would be used is likely to be at a minimum.

The four-engined de Havilland Canada Dash Seven aircraft which Brymon proposes to use is so quiet that it is claimed that probably, few people locally would notice. The majority of flights would be around breakfast time or early evening, and there would be no night flying.

The 50-seat Dash Seven can use a runway of less than 2,500 feet, flying at very slow speeds and taking-off and landing at a comparatively steep angle. Demonstration flights with the aircraft were carried out successfully on a rough strip in the Docklands last summer.

These aircraft could also handle up to 100,000 tons of freight a year, and encourage industrial and commercial companies to move back into the area.

M.D.

Fitting services to the market

An Air Ecosse Short 360. The airline made a profit of just under £1m last year.

THREE AIRLINES ply the Scottish air routes from a base in Scotland and by and large it is an expensive business.

Two made losses from their operations in Scotland last year. The Government or regional councils paid £300,000 in subsidies to maintain socially important air links; the eight airports run by the Civil Aviation nthority in the Highlands and Islands required a subsidy from Government of £3.8m last year, while together the four larger airports of Aberdeen, Prestwick, Edinburgh and Glasgow made an accumulated loss of £3.5m.

The three—British Airways, Loganair and Air Ecosse—have tried to adjust their operations to the size of market to reduce costs. While significant increases in air traffic within Scotland cannot be expected the losses are slowly being trimmed and even turned into profits.

British Airways, in a thorough shake-up of its operations in Scotland, formed its Highland Division in May of 1982. It took off its fuel-hungry large Viscounts, replacing them with five HS-748 aircraft with 44 seats —more suited to demand from the more remote areas.

Staff were cut from 622 to 184 and the airline concentrated on reducing losses on 10 routes. One route between Aberdeen and Inverness was dropped and the frequency of other routes trimmed.

It was clear from the start of this trimming exercise that British Airways would not seek subsidies on its routes or financial assistance on its running costs.

Losses of £6.1m in 1982 for operations in Scotland before the formatioo of the new division were brought down to £500,000 in the first year of operation. But passenger traffic, as in many parts of the world, fell too — in the Highlands Divisioo's case by 15 per ceot.

British Airways forecasts a profit this year which will be the first time in 40 years of flying in Scotland that it has been able to make money on these routes.

The traveller is still the business flier and families on the islands needing to fly to the mainland. The tourist is a prime target for British Airways marketing.

Loganair, a subsidiary of the Royal Bank of Scotland, flies a fleet of 16 small aircraft. It suffered a heavy blow with the loss of an oil charter contract last year which contributed to a £1m loss for 1982. It was the third consecutive loss faced by the airline in as many years.

Seven aircraft were sold off to reduce the financial burden, improving the ntilisation of aircraft. Money-making routes for Loganair have been its recently-acquired Edinburgh to Manchester and Glasgow to Belfast routes where passengers' response has been good. Other routes in Scotland such as the link between Lerwick in Shetland to Edinburgh operate profitably.

But some require Government subsidies. The Scottish Development Department underwrites £150,000 on a link between Glasgow, Tiree, Barra and Skye, while the Western Isles Regional Council pays a similar amount to keep open an inter-island link between Stornoway, Benbecular and Barra.

The airline has opened negotiations with the Scottish Development Department and Strathclyde Regional Council for possible support on another loss-making route to Campbeltown in Kintyre.

Air Ecosse, operating out of Aberdeen airport, is the exception among the three airlines. It makes a profit—just under £1m last year on its 12 routes.

The airline is a family firm, a subsidiary of the Fairflight Aviation and Engineering company of Biggin Hill, but is run independently by a small staff under Mr Paul Mulligan in Aberdeen.

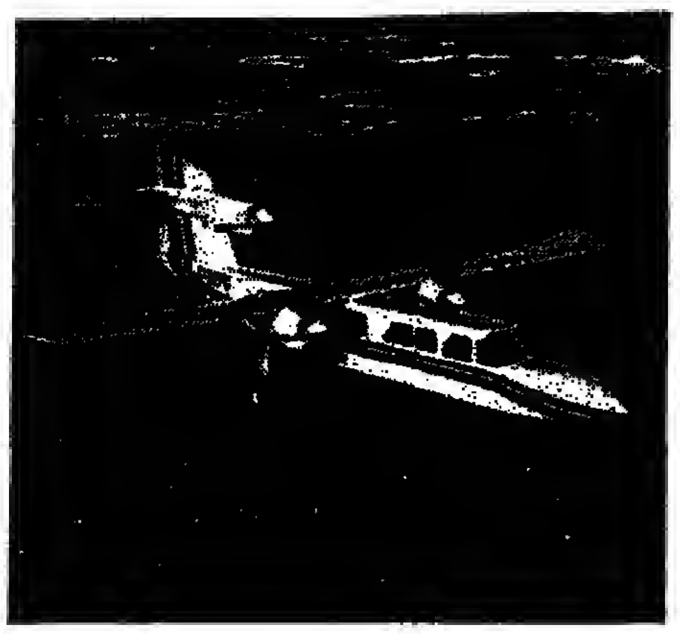
Buying the right-sized plane for the route accounts partly for the airline's success. It expanded out of charter work with a fleet of Brazilian-built Bandeirante 15-seat aircraft. Today it has added two Short 3-60s with 36 seats and another smaller aircraft.

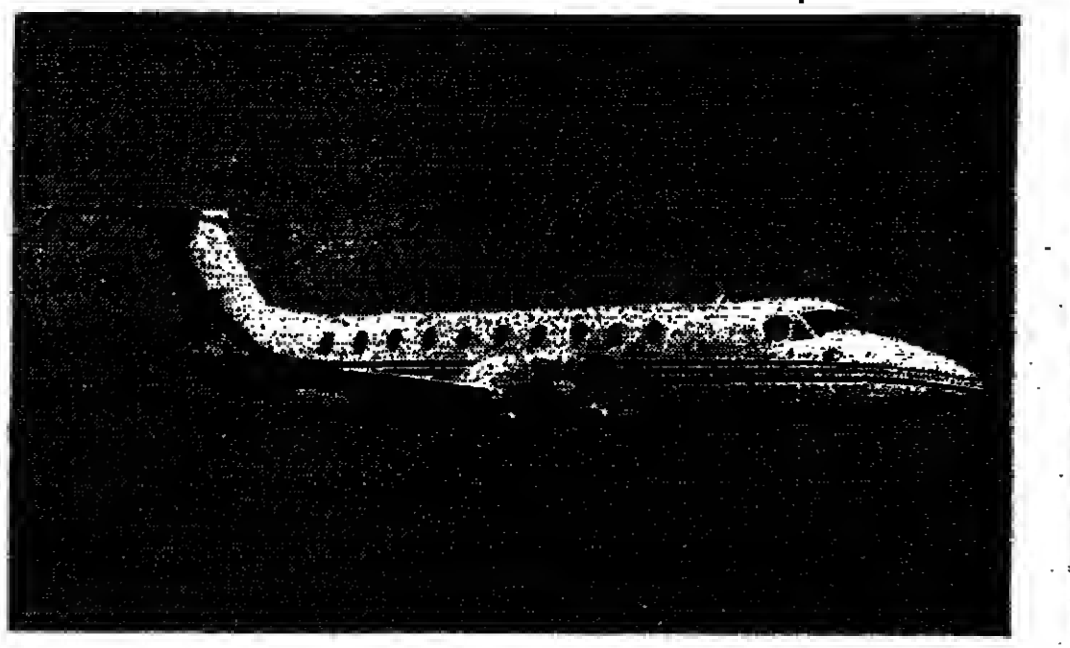
Air Ecosse routes between Aberdeen and Wick in the far north and between Aberdeen and Liverpool are among its best runs—but a new route soon to open connecting London Heathrow to Dundee could also be popular.

Mark Meredith

COMMUTER AIRCRAFT VI

Manufacturers all over the world are producing an increasingly wide range of designs to win a share of this $25bn market





Far left: the Pilatus Britten-Norman Trislander; centre, Beechcraft's 1900 airliner, and (above) 30-seat Brasilia fuselages under construction at Embraer's plant in Brazil. The choice of aircraft for operators is widening to an unprecedented degree in terms of size, payload and price.

The aircraft: four-seaters up to jets

THE INCREASING size of the "third-level" aviation market, with its anticipated scope eventually for sales of about 6,500 aircraft worth about $25bn through the rest of this century, is attracting increasing attention from the manufacturers.

Already a wide variety of aircraft is available for commuter, regional or local-service operations, ranging in size from the smallest four to six seat cabin aircraft up to the 109-seat Series 200 version of the British Aerospace 146 regional four-engined jet airliner.

In addition, a range of new aircraft of various sizes is under development, mostly for delivery from next year, which will widen the choice for third-level operators to an unprecedented degree, in terms of size, range-payload capability and price.

All these aircraft have many features in common. Apart from a few exceptions (such as the four-engined BAe 146 jet), they are twin-engined turbo-propeller powered aircraft, giving exceptional quietness compared with jets, and all can be used from comparatively rugged, undeveloped fields and strips as well as normal airport runways. The exceptional flexibility and low cost which this gives are the most desirable features of all commuter/regional/third-level aviation operations.

While some jets, and even some helicopters, are used for commuter operations (the latter especially for some inter-city operations, again mostly in the U.S.) the higher costs of such aircraft tend to confine them to the specialist types of commuter operations, and most operators, especially the smaller ones, tend to prefer turbo-props.

Nevertheless, the jets and helicopters are finding increasing roles in commuter/regional/third-level operations, and in helicopters especially, the tendency is to evolve designs with technological improvements designed to save weight and fuel, to bring down operating costs and in turn make them more attractive to the growing band of operators.

The major fixed-wing manufacturers involved include Beech, Cessna, Piper, Fairchild Swearingen and Gulfstream Aerospace of the U.S.; Embraer of Brazil; British Aerospace, Short Brothers and Pilatus Britten-Norman of the UK; Fokker of Holland; de Havilland Aircraft of Canada; Aerospatiale of France; Aeritalia of Italy; Israel Aircraft Industries; Saab-Scania of Sweden (in conjunction with Fairchild); Dornier of West Germany; and CASA of Spain, in association with Nurtanio of Indonesia.

The helicopter manufacturers involved include Bell, Hughes, Sikorsky and Boeing Vertol of the U.S.; Agusta of Italy; Westland of the UK; and Messerschmitt-Bolkow-Blohm of West Germany. All of these manufacture rotary-winged aircraft of various sizes which in one way or another can be used in commuter or third-level transport work.

In all, there are well over 50 different types of aircraft available from more than a score of separate manufacturers worldwide. While some of these are distinctly "airliners" in their own right, others are equally capable of being adapted to a wide range of other duties (and are frequently employed in those roles in many parts of the world).

Of all the types available, at the top end of the scale is the British Aerospace 146 short-range four-engined jet airliner. This is probably more accurately described as a "regional" airliner than a commuter type, since it is expected to be used in front-line scheduled airline service by many major operators.

Sales drive

Nevertheless, British Aerospace is aiming its sales drive worldwide at the largest possible market for short-haul air services of all kinds, especially in the U.S., Western Europe, the UK and Japan, and it believes that the range of uses for the 146 will be very wide, especially because of the aircraft's very short take-off run.

The 146 is being built in two versions: the Series 100, seating between 71 and 93 passengers, and the larger Series 200 seating between 82 and 109 passengers. Both versions are intended for use from rough, semi-prepared airstrips with minimum ground facilities, as well as from normal airfields with hard runways.

Quantity production is well under way at BAe's Hatfield, Hertfordshire, factory, and the first aircraft is due to enter service this spring. Production is being geared to a rate of three aircraft a month, and a major worldwide sales programme is already under way. Orders and options to date stand at 32 aircraft.

Also from the BAe stable, and equally suitable for commuter operations as well as a wide variety of other transport duties, are the BAe 748 twin-turbo-prop seating up to about 55 passengers (according to configuration desired), and the smaller 19-seat twin-turbo-prop BAe Jetstream 31, both of which are in full production. Looking beyond these, British Aerospace is now studying what is called the "Advanced Turbo-prop Transport" or ATP, based on the 748 but with an extended cabin to accommodate up to 64 passengers.

Also in the UK, Short Brothers of Belfast has already developed an enviable position in the world commuter aircraft market, with its 33-seat 330 twin-turbo-prop aircraft, and its more recent stablemate the 36-seat 360. These aircraft have already resulted in Shorts being dubbed the "Seattle of the Commuter / Regional Aircraft Business"—showing that its expertise in that sector of the market stands comparison with that of Boeing in the much bigger jet transport airliner market.

The 360 in particular is already well ahead of any rivals in the 36-seat category, and is already demonstrating its ability to make its operators money, following entry into service in the U.S. a few months ago. Other versions of these aircraft are available, notably the Sherpa, a civil freighter version of the 330, while a military tactical transport version is also on offer.

Shorts also continues to build its long-running Skyvan light transport, widely used throughout the world for cargo and general purpose duties in both civil and military roles, especially in the developing countries.

Another major light transport aircraft builder is the Swiss-owned, but UK-based, Pilatus Britten-Norman, which is active in the Isle of Wight building the Islander 10-seat twin-engined aircraft. Since production began in 1966-67, more than 1,000 aircraft have been delivered from Britten-Norman (as it was originally called before its take-over by Pilatus of Switzerland).

These have included 886 Islanders, five of the new turbine-powered Islanders, 66 Defenders (the military version) 73 three-engined Trislanders. A substantial number of aircraft are either in production or on order, and the company believes that market prospects are good, especially in the Third World.

One of the world's biggest manufacturers of light transport aircraft is de Havilland Aircraft of Canada, with its 50-seat, four-engined Dash Seven aircraft and its highly-successful Twin Otter twin-engined 19-20 seater which, since 1966, has amassed more than 7m flying hours and an order book of more than 800 aircraft.

The company's new addition to the range, the twin-engined Dash Eight, a 32-36-seat aircraft now under development, is due to make its maiden flight this summer with delivery to airlines beginning in 1984.

A feature of all the de Havilland Canada types is their exceptional Short Take-Off and Landing (STOL) performance which gives them a unique ability to operate from short, unprepared airstrips worldwide as well as from normal airports. This feature in particular has contributed to the success of the Twin Otter, now the world's best-selling light STOL transport aircraft.

Strong position

The Brazilian aircraft manufacturer, Embraer, has also established a strong position in the world's commuter and third-level airliner market with its 20-seat Bandeirante, of which more than 400 have been sold so far.

The company is now well ahead with the development and production of a new, larger, 30-seat twin-turbo-prop engined airliner, the EMB-120 Brasilia. This is expected to have its maiden flight this summer, with Certification expected in 1984 and production deliveries to airlines starting in 1985.

By the end of February, Embraer held orders for more than 100 of this new-generation airliner. Power plant for the Brasilia will be the Pratt and Whitney (Canada) PW-115, rated at 1,500 shaft horsepower. Development of this engine, in the PW-100 series, is reported to be on schedule, with performance up to specification.

A feature of the growing commuter regional/third-level aircraft market has been the emergence of international collaboration in the development of the new generation of aircraft involved. The British Aerospace 146 includes risk-sharing agreements with Avco Aerostructures of the U.S. for wing-boxes, and with Saab-Scania of Sweden for tailplanes and all movable control surfaces.

This type of international collaboration has been carried much further, however, in the emergence of joint ventures in both Western Europe and the U.S. Saab-Scania of Sweden and Fairchild of the U.S. are collaborating on the development of the 340, a 34-seat twin-turbo-prop airliner, described as the first truly "transatlantic manufacturing agreement" on a civil aircraft.

The 340 has already made its maiden flight, and development flying is well under way at Saab's Linkoping airfield, with Certification set for early 1984.

By the end of February, orders and options for the ATR-42 stood at well over 60 aircraft from 12 operators.

Elsewhere in Europe, Dornier of West Germany is delivering its Do-228 twin-engined aircraft, with an order book for over 100. Available in two versions, the Series 100 15-seater and Series 200 19-seater, the aircraft embodies much advanced technology, especially in its wing design. Dornier is believed to be considering plans for a new, larger version, of up to 30 seats, perhaps in collaboration with another manufacturer abroad.

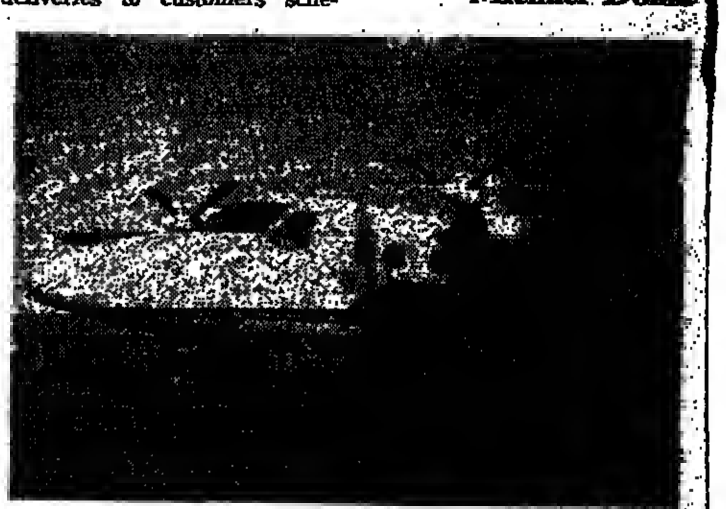
CASA of Spain is working with Nurtanio of Indonesia on the development of the CN-235, a 38-seat twin-engined airliner which is being built both in Spain and in Indonesia, with deliveries to customers scheduled for the second half of 1984.

In the U.S., Beech Cessna and Piper all offer a wide range of small, light transport aircraft, variously seating upwards of four passengers. Although aimed primarily at the massive business, executive and general aviation market, many of these aircraft are suitable for, and used by, the commuter operators, especially the twin turbo-prop aircraft seating upwards of six to eight passengers.

Such models include the Beechcraft King Air (up to 10 passengers), the Super King Air B-200 (up to 14), the Commuter C-99 (up to 15) and the more recently developed Commuter 1900, seating up to 19. The wide variety of Cessna types available includes the twin-engined Conquest II, seating up to 11, while Piper also offers several types, including the Navajo, Chieftain and Cheyenne six- to eight-seaters, and the more recent T-1020 and T-1040 11-seater types.

Also in the U.S., the Commuter Aircraft Corporation is developing a 50-60-seat commuter airliner, the four-engined CAC-100 passenger and cargo transport, which is due to be rolled out this year with deliveries to airlines in 1984.

Michael Donne



The de Havilland Twin Otter, which earned its reputation by operating highly successfully in many different roles.

Helicopter fleet expands

THE COMPARATIVELY late acceptance of the helicopter as a commuter vehicle stems entirely from the lack hitherto of rotary-winged aircraft with suitable operating costs, developed specifically with this type of operation in mind.

Earlier helicopters of the 1960s and 1970s tended to be derived from military types, and were expensive to use in a civil role, and many of the commuter-style operators that emerged in the U.S. in that period, even though subsidised by State aid, failed to survive. The fares they were obliged to charge the passengers proved too high, relative to the reliability of the service and the standards of comfort they could offer, despite the undeniable saving in time they provided.

This situation is now changing, and although the helicopter is still very much in a minority in terms of numbers compared with its fixed-wing counterparts, it is attracting increasing attention among commuter airline operators.

The primary market at present still appears to be in the provision of links either between city centres and airports, or between outlying urban areas (especially in well-to-do areas where there is a proportionately higher percentage of resident business travellers) and the airports, and especially where road congestion is often severe.

Congestion

The problem of road congestion, identified in cities as far apart as London, New York, Houston and Sydney is probably endemic to every big city in the world where international air communications are vital. In the UK, road congestion—so far only partially relieved by the construction of motorway links—led some time ago to the development of a direct inter-airport helicopter link between Heathrow and Gatwick for the benefit of connecting airline passengers.

In New York, British Airways provides a free helicopter service for its Concorde passengers between Kennedy Airport and Manhattan, while Pan American offers a free helicopter service between Kennedy and Manhattan for all its First Class and Clipper Class passengers.

While as yet there is no comparable regularly-scheduled city-centre to airport helicopter service in London for fixed-wing airline passengers, there is at least a floating "heli-stop" on a barge close to Southwark Bridge in the City which is sometimes used for such purposes, though the numbers of aircraft permitted to use it on any one day are restricted.

Although the principal factor which hitherto has restricted the use of helicopters in commuter-style operations has been the lack of suitable types of aircraft, there are other problems. One of these has been noise. The earlier generation of helicopters was undoubtedly exceptionally noisy and this has left a legacy among local authorities and communities of suspicion or outright hostility which is still a big stumbling block to helicopter commuter operations.

What is already acting as the catalyst for change, however, is the availability of quieter, more economic rotary-winged aircraft, in the shape of such types as the Sikorsky S76 from the U.S. and the more recently developed Westland 30 in the UK.

The Westland 30 is a 17-seat twin-turbine-engined aircraft, developed by Westland Helicopters of Yeovil. There are already about 30 orders and options for the machine and two have already entered service with British Airways Helicopters in oil and gas industry support operations in the North Sea.

This aircraft is expected to assume a true commuter role soon, when it enters service with the Los Angeles-based helicopter airline, Airspur. That operator intends to put the six aircraft that it has on order into service on a network of high-frequency scheduled route operations in and around the Greater Los Angeles area, beginning with a link between Fullerton and Los Angeles International Airport—a truly "commuter-style" operation between an urban area and a major domestic and international "hub" airport.

Watching

Considerable interest has already been expressed by other potential helicopter commuter operators in the U.S., and they will be watching the Airspur operation closely. Westland itself is hoping that, within a few months, the Airspur link will be repeated by others in many parts of the U.S.

Indeed, the manufacturer believes that during the rest of this decade it will be able to sell a large number of Westland 30s in this commuter role, although there are many other transport applications for the aircraft, for which sales are just as assiduously being sought.

Particular emphasis is being placed by Westland on the reliability of the Westland 30, stemming from the higher mechanical integrity of this and other new-generation helicopters. The point made strongly by Westland is that these aircraft are essentially all-weather machines, while their standards of comfort are also being improved steadily.

Safety is steadily improving in its own right. A recent study by the U.S. National Transportation Safety Board showed that, over the past 10 years, U.S. helicopter accident rates had fallen fast, and are now little higher than those for fixed-wing aircraft.

Noise, as mentioned earlier, is still a problem in many communities, even in the U.S., while in the UK it has been a major factor in keeping down the levels of helicopter operations into and out of the London area, with a still comparatively high level of outright hostility towards the helicopter from local planning authorities and residents.

Michael Donne